

18.1 2025-26 Annual Financial Statements

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.

Item 18.1

Summary

To advise Council that the preparation of the Annual Financial Statements for the year ended 30 June 2026 have been completed, were considered by Council's Audit, Risk and Improvement Committee, and are presented to Council for authorising and signing the Statement by Councillors and Management.

Financial implication

There are no financial implications because of this report, as this report is simply endorsing the 2025-26 Financial Statements and authorising the Statement by Councillors and Management to be signed.

Risk implication

Not applicable.

Policy

Section 413(1) of the Local Government Act, 1993 requires that "a Council must prepare financial reports for each year and must refer them for audit as soon as practicable". Council must also prepare a Statement by Councillors and Management as to their opinion on the general purpose and the special purpose financial statements.

The 2025-26 Annual Financial Statements have been prepared in accordance with:

- Local Government Act 1993 (NSW)
- Local Government (General) Regulation 2021 (NSW)
- Local Government Code of Accounting Practice and Financial Reporting

Consultation (internal)

Audit Risk and Improvement Committee

Chief Executive Officer

Director Corporate & Commercial

Chief Financial Officer

Senior Financial Accountant

Report of the Director Corporate and Commercial

18.1 2025-26 Annual Financial Statements (cont.)

Item 18.1

Communication/Community engagement

Section 420(1) of the Local Government Act 1993 allows any person to make submissions to Council with respect to Council's audited financial statements or with respect to the auditor's reports.

Attachments

Nil

Enclosures

- 1 2025/26 Draft Financial Statements - GPFS SPFS SS - After ARIC Meeting

RECOMMENDATION

That Council:

1. Authorises the Statement by Councillors and Management to be signed by the Chief Executive Officer, the Responsible Accounting Officer, the Mayor and a Councillor as required by the Local Government Act 1993.
2. Notes the financial result and position for the year ending 30 June 2026.
3. Formally thanks the governance role played by Council's Audit, Risk and Improvement Committee in overseeing the preparation and finalisation of the audited 2025-26 financial statements and sincerely thanks the outgoing Chair (Mr Dave Pendleton) and all members (outgoing member Ms Rhonda Wheatley and remaining member Ms Lisa Berwick) for their years of commitment and expertise in respect to the audited position of Council.
4. Acknowledges the collegiate and professional working relationship that is maintained with the Audit Office of New South Wales and its staff guided by Director – Financial Audit Mr Michael Kharzoo.

Background

This report is to advise Council that the 2025-26 Annual Financial Statements have been completed and endorsed by Council's Audit, Risk and Improvement Committee at its meeting held on 13 October 2026. A copy of the financial statements is attached to this report.

Council's Financial Statements for the year ended 30 June 2026 have been prepared and informally referred for audit.

The audit of the draft Financial Statements has been reviewed and discussed with the Audit Office of NSW and all material adjustments recommended by the audit team are reflected in the current draft.

In accordance with Section 413 of the Local Government Act 1993, Council must now formally refer these statements for audit. Prior to the completion of the audit, Council is required to give its opinion on the Financial Statements. As part of this process, Council is required to present a signed statement on its opinion on the reports.

The statements required to be signed are contained on page 3 of the General Purpose Financial Statements and page 3 of the Special Purpose Financial Statements and

must be signed by the Mayor, a Councillor, the Chief Executive Officer and the Responsible Accounting Officer. It is reasonably standard practice that the Deputy Mayor sign the financial statements as the accompanying Councillor in addition to the Mayor.

Overview of 2025-26 Financial Statements

The draft 2025-26 Financial Statements (General Purpose and Special Purpose) have been reviewed by the auditors, all material changes noted during the audit have been discussed with Council's Chief Executive Officer and Chief Financial Officer and have been incorporated. The review by the auditors is based not only on appropriate compliance with accounting standards but also an understanding and review of underlying systems and processes regarding financial management, documentation and internal controls within Council broadly and specifically within the Finance team.

The Audit Office have indicated that an unmodified audit opinion will again be issued for the 2025-26 Financial Statements.

The attached financial statements present fairly the Council's operating result and financial position for the year; in accordance with Council's accounting and other records and have been prepared in accordance with:

- the Local Government Act 1993 and its regulations,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the Local Government Code of Accounting Practice and Financial Reporting.

General comment

Significant attention has been given to the systems and processes within the Finance Team and across Council to improve financial reporting. The ensuing Financial Statements have reflected the improvement and the 2026 Financial Statements with the unmodified audit opinion confirm the improvement.

Financial performance summary

Council's net operating result indicates a loss of \$2.4M.

Income Statement is presented below:

\$'000	2026	2025	Movement: fav/(unfav)	%
Rates and annual charges	30,332	28,741	1,591	5%
User charges and fees	19,144	19,567	(423)	-2%
Other revenues	3,902	4,329	(427)	-11%
Grants and contributions provided for operating purposes	4,916	3,454	1,462	30%
Grants and contributions provided for capital purposes	6,952	15,517	(8,565)	-123%
Interest and investment income	1,726	2,382	(656)	-38%

\$'000	2026	2025	Movement: fav/(unfav)	%
Other income	39	92	(53)	-136%
Net gain on disposal of assets	453	-	453	100%
Total income	67,464	74,082	(6,618)	-10%
Employee benefits and on-costs	30,581	30,853	272	1%
Materials and services	27,910	30,044	2,134	8%
Borrowing costs	420	177	(243)	-58%
Other expenses	1,594	1,135	(459)	-29%
Net loss from the disposal of assets	-	1,063	1,063	-%
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	60,505	63,272	2,767	5%
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	6,959	10,810	(3,851)	-55%
Depreciation	9,347	11,557	2,210	24%
Operating result from continuing operations	(2,388)	(747)	(1,641)	-69%
Operating result from discontinued operations	-	(6,643)	6,643	-%
Net operating result	(2,388)	(7,390)	5,002	209%
Net operating result before capital grants and contributions	(9,340)	(22,907)	13,567	145%

As at 30 June 2026 Council's unrestricted cash balance is \$5.0M.

Please refer to the attached *2025-26 Annual Financial Statements* for further details.

Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) reviewed and endorsed the draft Financial Statements on 13 October 2026. Michael Kharzoo, Director – Financial Audit of the Audit Office NSW attended the meeting and provided updates on the progress of the audit to the ARIC members.