

General Purpose Financial Statements

For the year ended 30 June 2026

KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council

General Purpose Financial Statements
for the year ended 30 June 2026

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Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2026

Statement by Councillors and Management for the year ended 30 June 2026 made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

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

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 October 2026.

Cameron McDonald
Mayor
20 October 2026

Melissa Matters
Deputy Mayor
20 October 2026

Jane Frawley
Chief Executive Officer
20 October 2026

Jose Diaz
Chief Financial Officer
20 October 2026

Kiama Municipal Council

Income Statement

for the year ended 30 June 2026

Original unaudited budget 2026	$ '000	Notes	Actual 2026	Actual 2025
	Income from continuing operations			
30,261	Rates and annual charges	B2-1	**30,332**	28,741
18,845	User charges and fees	B2-2	**19,144**	19,567
3,650	Other revenues	B2-3	**3,902**	4,329
4,687	Grants and contributions provided for operating purposes	B2-4	**4,916**	3,454
2,888	Grants and contributions provided for capital purposes	B2-4	**6,952**	15,517
2,051	Interest and investment income	B2-5	**1,726**	2,382
–	Other income	B2-6	**39**	92
536	Net gain from the disposal of assets	B4-1	**453**	–
62,918	**Total income from continuing operations**		**67,464**	74,082
	Expenses from continuing operations			
27,242	Employee benefits and on-costs	B3-1	**30,581**	30,853
25,178	Materials and services	B3-2	**27,910**	30,044
216	Borrowing costs		**420**	177
1,076	Other expenses	B3-4	**1,594**	1,135
–	Net loss from the disposal of assets	B4-1	**–**	1,063
53,712	**Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**60,505**	63,272
9,206	**Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**6,959**	10,810
9,153	Depreciation, amortisation and impairment of non-financial assets	B3-3	**9,347**	11,557
53	**Operating result from continuing operations**		**(2,388)**	(747)
	Discontinued operations			
–	Operating result from discontinued operations		**–**	(6,643)
53	Net operating result for the year attributable to Council		**(2,388)**	(7,390)
(2,835)	**Net operating result for the year before grants and contributions provided for capital purposes**		**(9,340)**	(22,907)

The above Income Statement should be read in conjunction with the accompanying notes.

Kiama Municipal Council

Statement of Comprehensive Income

for the year ended 30 June 2026

$ '000	Notes	2026	2025
Net operating result for the year – from Income Statement		**(2,388)**	(7,390)
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	**11,094**	24,011
Total items which will not be reclassified subsequent to operating result		**11,094**	24,011
Total other comprehensive income for the year		**11,094**	24,011
Total comprehensive income for the year attributable to Council		**8,706**	16,621

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Kiama Municipal Council

Statement of Financial Position

as at 30 June 2026

$ '000	Notes	2026	2025
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**11,649**	17,928
Investments	C1-2	**29,000**	19,000
Receivables	C1-4	**5,191**	3,274
Inventories		**335**	347
Contract assets and contract cost assets	C1-5	**2,077**	513
Non-current assets classified as held for sale	C1-6	**–**	945
Prepayments		**598**	545
Total current assets		**48,850**	42,552
Non-current assets			
Investments	C1-2	**2,504**	1,465
Receivables	C1-4	**156**	2,950
Infrastructure, property, plant and equipment (IPPE)	C1-7	**586,538**	583,583
Investment property	C1-8	**88,239**	85,960
Right of use assets		**312**	279
Total non-current assets		**677,749**	674,237
Total assets		**726,599**	716,789
LIABILITIES			
Current liabilities			
Payables	C2-1	**73,411**	69,807
Contract liabilities	C2-2	**4,492**	4,694
Lease liabilities		**138**	77
Borrowings	C2-3	**2,435**	2,519
Employee benefit provisions	C2-4	**6,565**	6,006
Provisions	C2-5	**–**	633
Total current liabilities		**87,041**	83,736
Non-current liabilities			
Lease liabilities		**211**	226
Borrowings	C2-3	**5,892**	8,154
Employee benefit provisions	C2-4	**604**	528
Total non-current liabilities		**6,707**	8,908
Total liabilities		**93,748**	92,644
Net assets		**632,851**	624,145
EQUITY			
Accumulated surplus		**151,130**	153,518
IPPE revaluation surplus		**481,721**	470,627
Council equity interest		**632,851**	624,145
Total equity		**632,851**	624,145

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Kiama Municipal Council

Statement of Changes in Equity

for the year ended 30 June 2026

$ '000	Notes	2026 Accumulated surplus	2026 IPPE revaluation surplus	2026 Total equity	2025 Accumulated surplus	2025 IPPE revaluation surplus	2025 Total equity
Opening balance at 1 July		**153,518**	**470,627**	**624,145**	160,908	446,616	607,524
Opening balance		**153,518**	**470,627**	**624,145**	160,908	446,616	607,524
Net operating result for the year		**(2,388)**	**–**	**(2,388)**	(7,390)	–	(7,390)
Net operating result for the period		**(2,388)**	**–**	**(2,388)**	(7,390)	–	(7,390)
Other comprehensive income							
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	**–**	**11,094**	**11,094**	–	24,011	24,011
Other comprehensive income		**–**	**11,094**	**11,094**	–	24,011	24,011
Total comprehensive income		**(2,388)**	**11,094**	**8,706**	(7,390)	24,011	16,621
Closing balance at 30 June		**151,130**	**481,721**	**632,851**	153,518	470,627	624,145

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Kiama Municipal Council

Statement of Cash Flows

for the year ended 30 June 2026

Original unaudited budget 2026	$ '000	Notes	Actual 2026	Actual 2025
	Cash flows from operating activities			
	Receipts:			
30,261	Rates and annual charges		**30,390**	28,616
18,960	User charges and fees		**20,494**	20,554
2,051	Interest received		**2,041**	2,469
7,675	Grants and contributions		**10,309**	15,332
–	Bonds, deposits and retentions received		**342**	–
1,198	Other		**593**	4,802
–	Proceeds from retirement village (loan licence agreements)		**11,440**	5,323
	Payments:			
(27,231)	Payments to employees		**(30,050)**	(32,380)
(25,167)	Payments for materials and services		**(31,666)**	(35,411)
(216)	Borrowing costs		**(421)**	(277)
–	Bonds, deposits and retentions refunded		**–**	(223)
(1,099)	Other		**1,977**	2,847
–	Discontinued operations		**–**	(931)
–	Repayment of retirement village (loan licence agreements)		**(6,050)**	(2,408)
6,432	**Net cash flows from operating activities**	F1-1	**9,399**	8,313
	Cash flows from investing activities			
	Receipts:			
–	Redemption of term deposits		**14,000**	28,000
16,345	Proceeds from sale of IPPE		**6,965**	1,465
–	Discontinued operations		**–**	10,261
	Payments:			
–	Acquisition of term deposits		**(25,000)**	(18,000)
–	Purchase of investment property		**(2,562)**	(500)
–	Other investing activity payments		**–**	(2,132)
(18,001)	Payments for IPPE		**(6,605)**	(13,286)
(1,656)	**Net cash flows from investing activities**		**(13,202)**	5,808
	Cash flows from financing activities			
	Payments:			
(2,612)	Repayment of borrowings		**(2,346)**	(676)
–	Principal component of lease payments		**(130)**	(138)
–	Discontinued operations		**–**	(14,430)
(2,612)	**Net cash flows from financing activities**		**(2,476)**	(15,244)
2,164	**Net change in cash and cash equivalents**		**(6,279)**	(1,123)
38,393	Cash and cash equivalents at beginning of year		**17,928**	19,051
40,557	Cash and cash equivalents at end of year	C1-1	**11,649**	17,928
–	plus: Investments on hand at end of year	C1-2	**31,504**	20,465
40,557	Total cash, cash equivalents and investments		**43,153**	38,393

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Kiama Municipal Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 20 October 2026. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government (OLG) directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Council is a not for-profit entity.

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment, and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

i. estimated fair values of investment property – refer Note C1-8
ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
iii. employee benefit provisions – refer Note C2-4.

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables (refer Note C1-4)
(ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Holiday Parks
- Pavilion function centre operations
- Retirement Village operations

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A1-1 Basis of preparation (continued)

Volunteer services

Council engages a range of volunteers from the community to provide support in the running of our visitor information centre, library programs, engineering and environmental services. Volunteer services are required to be recognised in the financial statements if their value is material or if Council would purchase the service if it was not provided by volunteers. In most instances, Council would not purchase the service if it was not provided by volunteers and the overall quantifiable volunteered amount is not considered to be material, therefore the value is not required to be disclosed in these financial statements.

New accounting standards and interpretations issued but not yet effective

Certain new interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2026 reporting period.

As at the date of authorisation of these financial statements Council considers *AASB 18 Presentation and Disclosure in Financial Statements* to impact presentation of financial statements, effective 1 January 2028 for Council year ended 30 June 2029. The standard replaces AASB 101 and changes the structure of the income statement and related disclosures, including the application of fundamental concepts such as materiality and mandatory disclosure of management performance measures.

Council also considers AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments, effective 1 January 2026 for Council year ended 30 June 2027, to amend the related requirements in AASB 7 and the classification and measurement requirements in AASB 9, including the requirements related to the settlement of financial liabilities using an electronic payment system, the assessment of contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

AASB 17 Insurance Contracts and associated amendments, effective 1 July 2026, for changes to accounting for insurance contracts.

AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature dependent Electricity, effective 1 January 2026, to amend AASB 7 and AASB 9 to clarify the application of the 'own-use' criteria to nature-dependent electricity contracts, permit hedge accounting in certain conditions and adds new disclosure requirements.

New accounting standards adopted during the year

There were no new standards relevant to Council that became mandatorily effective for the year ended 30 June 2026.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
$ '000	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Functions or activities										
Office of Chief Executive Officer *	**144**	126	**5,559**	4,781	**(5,415)**	(4,655)	**–**	–	**–**	–
Corporate and Commercial	**42,190**	42,071	**25,760**	28,264	**16,430**	13,807	**2,545**	1,904	**58,128**	57,344
Strategy and Communities	**17,697**	26,308	**26,254**	30,419	**(8,557)**	(4,111)	**7,115**	16,413	**101,723**	100,350
Infrastructure and Operations	**7,433**	5,577	**12,279**	11,365	**(4,846)**	(5,788)	**2,209**	654	**566,746**	559,095
Total functions and activities	**67,464**	74,082	**69,852**	74,829	**(2,388)**	(747)	**11,868**	18,971	**726,599**	716,789

(*) Operating loss due to Office of Chief Executive Officer responsible for Performance Improvement Order Implementation team and legal expenses.

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Office of Chief Executive Officer
Governance costs relating to Council's role as a component of democratic government; including elections, meetings of council and policy making committees, members' fees and expenses, subscriptions to local authority associations, area representation and public disclosure, governance, communication, and tourism.

Corporate and Commercial
Corporate and other support services, human resources, finance, information technology, member services, holiday and caravan parks, real estate development, risk management, Blue Haven Terralong.

Strategy and Communities
Animal control, building control, compliance, enforcement of local government regulations, food control, public conveniences, public halls, immunisation, town planning, environmental protection, community centre, indoor sports complex, leisure centre, youth services, family history centre, public libraries and other community services.

Infrastructure and Operations
Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters, fire protection, RTA works, street lighting, emergency services, street cleaning, public cemeteries, swimming pools, sporting grounds, parks and gardens, private works, stormwater drainage, engineering support services, waste unit and waste management, property maintenance and beach control.

The functions are based on the Council's structure as at the date of authorisation of financial statements.

B2 Sources of income

B2-1 Rates and annual charges

$ '000	2026	2025
Ordinary rates		
Residential	**20,071**	19,296
Business	**1,739**	1,668
Farmland	**839**	808
Less: pensioner rebates (Council policy)	**(37)**	(24)
Less: pensioner rebates (mandatory)	**(295)**	(301)
Rates levied to ratepayers	**22,317**	21,447
Pensioner rate subsidies received	**162**	176
Total ordinary rates	**22,479**	21,623
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	**7,423**	6,712
Commercial waste management services	**204**	196
Stormwater management services	**232**	231
Sewerage services	**58**	57
Less: pensioner rebates (Council policy)	**(16)**	(10)
Less: pensioner rebates (mandatory)	**(107)**	(129)
Annual charges levied	**7,794**	7,057
Pensioner annual charges subsidies received:		
– Domestic waste management	**59**	61
Total annual charges	**7,853**	7,118
Total rates and annual charges	**30,332**	28,741

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates and 3.7% rates increase.

During the 2025-2026 Financial Year the NSW Valuer General released their updated valuation results. This valuation will be applied during the 2026-2027 Financial Year.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

$ '000	2026	2025
User charges		
Domestic waste management services	**79**	35
Contract plant and truck hire *	**–**	1,245
Waste management services (non-domestic)	**372**	174
Total user charges	**451**	1,454
Other user charges and fees		
Planning and building regulation	**831**	637
Building services – other	**196**	161
Registration fees	**73**	86
Inspection services	**83**	47
Section 603 certificates	**48**	53
Holiday parks	**12,048**	11,385
Blue Haven ILU	**930**	1,110
Leisure centre	**2,482**	2,531
Council properties	**1,147**	1,178
Public cemeteries	**459**	446
Waste disposal tipping fees	**147**	147
Engineering services	**126**	112
Saddleback mountain tower	**4**	118
Other	**119**	102
Total other user charges and fees	**18,693**	18,113
Total user charges and fees	**19,144**	19,567

(*) Council resolved to discontinue Hire services portion of Commercial Waste as at 30 June 2025

B2-3 Other revenues

Deferred Management Fees	**1,958**	2,001
Visitor Information Centre	**87**	94
Motor vehicle leaseback	**229**	200
Fines – other	**193**	77
Recycling income (non-domestic)	**199**	198
Insurance claims recoveries	**40**	312
Diesel fuel rebate	**62**	108
Legal Settlements	**191**	202
Rental income	**348**	231
Commissions and agency fees	**3**	4
Return & Earn	**14**	15
Income relating to financial services for joint organisations	**30**	–
Other	**96**	409
Workers Compensation Rebate	**124**	130
Sales – general	**328**	348
Total other revenue	**3,902**	4,329

B2-4 Grants and contributions

$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Relating to current year	**1,113**	378	**–**	–
Prepayment received in advance for subsequent year	**2,078**	1,260	**–**	–
Amount recognised as income during current year	**3,191**	1,638	**–**	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aged Care & Health	**–**	266	**–**	–
Bushfire and emergency services	**140**	137	**–**	–
Community services	**25**	–	**–**	167
Cultural development	**42**	173	**–**	–
Environmental programs	**121**	–	**–**	–
Flood Study	**–**	–	**–**	336
Library	**124**	124	**–**	–
Parks, gardens & open spaces	**–**	–	**1,783**	419
General subsidies & other	**311**	–	**586**	12
Recreation and culture	**–**	59	**–**	2,142
Storm/flood damage	**–**	–	**–**	6,297
Tourism	**–**	66	**–**	–
Transport (roads, bridges & other)	**887**	938	**3,006**	547
Youth opportunities	**75**	53	**–**	–
Non-cash contributions				
Contributed asset	**–**	–	**–**	5,509
Total special purpose grants and non-developer contributions (tied)	**1,725**	1,816	**5,375**	15,429
Total grants and non-developer contributions	**4,916**	3,454	**5,375**	15,429
Comprising:				
– Commonwealth funding	**–**	282	**–**	1,145
– State funding	**4,898**	3,172	**5,375**	8,775
– Other funding	**18**	–	**–**	5,509
	4,916	3,454	**5,375**	15,429

continued on next page

B2-4 Grants and contributions (continued)

Developer contributions

$ '000	Notes	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Developer contributions: (s7.4 & s7.11 & s7.12 - EP&A Act):	F3				
s7.11 & s7.12 contributions [1]		**–**	–	**1,550**	64
Other developer contributions		**–**	–	**27**	24
Total developer contributions		**–**	–	**1,577**	88
Total grants and contributions		**4,916**	3,454	**6,952**	15,517

(1) Developer Contributions revenue is offset by significant refunds issued during the 2025FY

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Unspent grants and contributions				
Unspent funds at 1 July	**233**	101	**4,563**	4,186
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**–**	–	**–**	–
Add: Funds received and not recognised as revenue in the current year	**262**	132	**2,144**	377
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	**–**	–	**–**	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	**(34)**	–	**(2,340)**	–
Unspent funds at 30 June	**461**	233	**4,367**	4,563
Funds relate to unspent capital grants. These funds are externally restricted.				
Contributions				
Unspent funds at 1 July	**–**	–	**12,282**	12,691
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**–**	–	**–**	64
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	**–**	–	**–**	(473)
Unspent contributions at 30 June	**–**	–	**12,282**	12,282
Unspent developer contributions were restricted as required by legislation.				

continued on next page

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligation is recognised as and when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant; cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

$ '000	2026	2025
Interest on financial assets measured at amortised cost		
– Cash and investments	**1,657**	2,324
– Overdue rates and annual charges (incl. special purpose rates)	**69**	58
Total interest and investment income	**1,726**	2,382

B2-6 Other income

Fair value increment on investments		
Fair value increment on investments through profit and loss (Civic Risk Mutual)	**39**	92
Total fair value increment on investments	**39**	92
Total other income	**39**	92

B3 Costs of providing services

B3-1 Employee benefits and on-costs

$ '000	2026	2025
Salaries and wages	**22,185**	21,983
Employee leave entitlements (ELE)	**4,958**	4,943
Superannuation	**3,068**	2,854
Workers' compensation insurance	**759**	1,150
Training costs (other than salaries and wages)	**297**	373
Fringe benefit tax (FBT)	**108**	114
Other	**85**	143
Total employee costs	**31,460**	31,560
Less: capitalised costs	**(879)**	(707)
Total employee costs expensed	**30,581**	30,853
Number of 'full-time equivalent' employees (FTE) at year end	**252**	255

Material accounting policy information

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

$ '000	Notes	2026	2025
Raw materials and consumables		**13,465**	14,203
Contractor costs		**6,036**	5,556
Computer software charges		**2,467**	2,332
Insurance		**1,264**	1,467
Electricity and heating		**1,144**	962
Other expenses		**118**	237
Audit Fees	E2-1	**304**	313
Telephone and communications		**470**	509
Subscriptions and publications		**430**	548
Street lighting		**233**	187
Cleaning		**185**	200
Advertising		**364**	446
Councillor and Mayoral fees and associated expenses	E1-2	**357**	338
Election expenses		**–**	172
Bank charges		**254**	226
Postage		**91**	70
Printing and stationery		**47**	65
Cost of sales		**70**	15
Travel expenses		**6**	37
Waste Disposal		**25**	25
Legal expenses:			
– Legal expenses: planning and development		**33**	25
– Legal expenses: other		**478**	2,019
– Legal expenses: debt recovery		**69**	92
Total materials and services		**27,910**	30,044

Item 14.1

Enclosure 1

B3-3 Depreciation, amortisation and impairment of non-financial assets

$ '000	2026	2025
Depreciation and amortisation		
Plant and equipment	**1,347**	1,880
Office equipment	**220**	124
Furniture and fittings	**80**	141
Land improvements (depreciable)	**9**	81
Infrastructure:		
– Roads	**2,267**	4,082
– Stormwater drainage	**883**	953
– Bridges	**701**	682
– Footpaths	**203**	308
– Other open space/recreational assets	**198**	376
– Other structures	**613**	167
– Swimming pools	**40**	35
– Buildings	**2,581**	2,409
Right of use assets	**143**	153
Other assets:		
– Other	**–**	94
– Library books	**62**	72
Total gross depreciation and amortisation costs	**9,347**	11,557
Total depreciation, amortisation and impairment of non-financial assets	**9,347**	11,557

Material accounting policy information

Depreciation and amortisation
Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets.

A review of Traffic Management Assets useful lives within the Roads asset class was completed and thus resulting in a decrease in depreciation in 2025-26 as compared to 2024-25.

Impairment of non-financial assets
Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-4 Other expenses

$ '000	Notes	2026	2025
Impairment of receivables			
User charges and fees		**320**	66
Reversal of prior year doubtful debt		**(66)**	(76)
Total impairment of receivables	C1-4	**254**	(10)
Fair value decrement on investment properties			
Fair value decrement on investment properties		**283**	–
Total fair value decrement on investment properties	C1-8	**283**	–
Other			
Contributions/levies to other levels of government			
– Crown reserve levy		**471**	529
– Emergency services levy (includes FRNSW, SES, and RFS levies)		**450**	448
Donations, contributions and assistance to other organisations (Section 356)		**136**	168
Total other		**1,057**	1,145
Total other expenses		**1,594**	1,135

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

$ '000	Notes	2026	2025
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		**1,753**	908
Less: carrying amount of plant and equipment assets sold/written off		**(791)**	(1,644)
Gain (or loss) on disposal		**962**	(736)
Gain (or loss) on disposal of property (excl. investment property)	C1-7		
Proceeds from disposal – property		**5,184**	557
Less: carrying amount of property assets sold/written off		**(5,575)**	(557)
Gain (or loss) on disposal		**(391)**	–
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		**28**	–
Less: carrying amount of infrastructure assets sold/written off		**(146)**	(327)
Gain (or loss) on disposal		**(118)**	(327)
Net gain (or loss) from disposal of assets		**453**	(1,063)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 16 June 2025 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

continued on next page

B5-1 Material budget variations (continued)

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

$ '000	2026 Budget	2026 Actual	2026 Variance		
Revenues					
Rates and annual charges	30,261	30,332	71	0%	F
User charges and fees	18,845	19,144	299	2%	F
Other revenues	3,650	3,902	252	7%	F
Council received additional revenue from legal recoveries (which are not budgeted), compliance (parking fines), visitor services, property income, more than offsetting lower Deferred Management Fees from the Blue Haven Independent Living Units.					
Operating grants and contributions	4,687	4,916	229	5%	F
Increased proportion of Financial Assistance Grants received in FY26 (80%) relating to FY27					
Capital grants and contributions	2,888	6,952	4,064	141%	F
Council received a slight increase in Developer Contributions as well as the following grants; Betterment Fund, Office of Sport, Natural Disaster Recovery & Floods					
Interest and investment revenue	2,051	1,726	(325)	(16)%	U
Council's lower investment balances resulted in a decline in investment revenue, outweighing the positive effect of higher interest rates received.					
Net gains from disposal of assets	536	453	(83)	(15)%	U
Minor movements in the value of land sales, offsetting the benefit from the sales of plant.					
Other income	–	39	39	∞	F
Council's investment in Civic Risk Mutual has resulted in a Fair value increment of 39K.					
Expenses					
Employee benefits and on-costs	27,242	30,581	(3,339)	(12)%	U
Council has experienced lower vacancies than assumed for budget, higher casual and relief requirements and end of year updates to employee entitlement provisions.					
Materials and services	25,178	27,910	(2,732)	(11)%	U
Materials and services main variances are due to OneCouncil ERP project re-classified to operating, and Fleet running expenses.					
Borrowing costs	216	420	(204)	(94)%	U
The increase documented is in relation to a revaluation increase for assets leased by Council.					
Depreciation, amortisation and impairment of non-financial assets	9,153	9,347	(194)	(2)%	U

continued on next page

B5-1 Material budget variations (continued)

$ '000	2026 Budget	2026 Actual	2026 Variance		
Statement of cash flows					
Cash flows from operating activities	**6,432**	**9,399**	**2,967**	**46%**	**F**
Cash flows from operating activities are favourable against the original budget due to increased receipts for grants and developer contributions, more than offsetting unfavourable variances in employee costs and materials and services.					
Cash flows from investing activities	**(1,656)**	**(13,202)**	**(11,546)**	**697%**	**U**
Cash flows from investing activities were unfavourable against budget, with a net increase in investments held as term deposits, while budget assumed a neutral position.					
Cash flows from financing activities	**(2,612)**	**(2,476)**	**136**	**(5)%**	**F**

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

$ '000	2026	2025
Cash on hand and at bank	**6,649**	10,928
Cash equivalent assets		
– Short-term deposits	**5,000**	7,000
Total cash and cash equivalents	**11,649**	17,928

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	**11,649**	17,928
Balance as per the Statement of Cash Flows	**11,649**	17,928

C1-2 Financial investments

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Debt securities at amortised cost				
Long term deposits	**29,000**	**2,000**	19,000	1,000
Total	**29,000**	**2,000**	19,000	1,000
Other financial assets				
Interest in CivicRisk Mutual	**–**	**504**	–	465
Total	**–**	**504**	–	465
Total financial investments	**29,000**	**2,504**	19,000	1,465
Total cash assets, cash equivalents and investments	**40,649**	**2,504**	36,928	1,465

continued on next page

C1-2 Financial investments (continued)

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost
Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's investment in CivicRisk Mutual Limited is valued at fair value through profit and loss. Its value in the Statement of Financial Position by comparison with the face value of CivicRisk Mutual Limited's accounts at 30 June 2026. The valuation of CivicRisk Mutual Limited investment was undertaken by Alycia Jeffrey FIAA and Mark Hurst FIAA from Finity Consulting.

C1-3 Restricted and allocated cash, cash equivalents and investments

$ '000	2026	2025
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	**43,153**	38,393
Less: External restrictions	**(37,114)**	(33,916)
Cash, cash equivalents and investments not subject to external restrictions	**6,039**	4,477
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	**400**	400
Specific purpose unexpended grants – general fund	**4,828**	4,796
External restrictions – included in liabilities	**5,228**	5,196
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions - general	**15,708**	13,883
Stormwater Levy Management	**661**	439
Security bonds, Deposits & Retentions	**2,288**	1,959
Crown Land Reserve	**2,881**	3,334
Domestic waste management	**8,708**	7,272
Blue Haven - ILU Maintenance Levy carried forward surplus (Terralong)	**1,605**	1,798
Road Reserve	**35**	35
External restrictions – other	**31,886**	28,720
Total external restrictions	**37,114**	33,916

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

$ '000	2026	2025
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	**6,039**	4,477
Internal restrictions	**(1,025)**	(3,554)
Unrestricted and unallocated cash, cash equivalents and investments	**5,014**	923
At 30 June, Council has internally allocated funds to the following:		
Terralong ILU Capital Works	**–**	787
Employees leave entitlement	**1,440**	2,941
Temporary Funding of Disaster Recovery Funding Agreement Works	**(998)**	(711)
Blue Haven ILU Prudential Cover (Terralong)	**500**	500
Risk Improvement Incentive	**83**	37
Total internal allocations	**1,025**	3,554

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Rates and annual charges	**861**	**–**	911	–
User charges and fees	**973**	**–**	1,070	–
– Other asset sales	**2,738**	**–**	–	2,738
Accrued revenues				
– Interest on investments	**592**	**–**	907	–
– Other income accruals	**27**	**–**	39	–
Net GST receivable	**–**	**–**	347	–
Other – advances to public	**–**	**156**	–	212
Total	**5,191**	**156**	3,274	2,950
Total net receivables	**5,191**	**156**	3,274	2,950

$ '000	2026	2025
Movement in provision for impairment of receivables		
Balance at the beginning of the year	**66**	98
Movement through provision	**254**	(33)
Balance at the end of the year	**320**	65

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 15 days.

Impairment
Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

C1-5 Contract assets

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Contract assets	2,077	–	513	–
Total contract assets	2,077	–	513	–

Material accounting policy information

Contract assets
A contract asset is the equivalent of work in progress or accrued income. A contract asset is recognised in relation to grants when Council has performed the work and believes that the costs expended are recoverable, however an invoice has not yet been raised. Therefore, the amounts cannot be classified as a receivable, although it is assessed for impairment using the Expected Credit Loss model in AASB 9 .

C1-6 Non-current assets classified as held for sale

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Land and Building	–	–	945	–
Total non-current assets classified as held for sale	–	–	945	–

Material accounting policy information

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2025			Asset movements during the reporting period							At 30 June 2026		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals [1]	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Reclassification	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	21,236	–	21,236	6,690	963	–	–	(4,309)	–	–	24,580	–	24,580
Plant and equipment	19,730	(11,774)	7,956	–	686	(733)	(1,347)	–	56	–	16,865	(10,247)	6,618
Office equipment	5,702	(5,391)	311	–	162	(52)	(220)	–	(7)	–	1,198	(999)	199
Furniture and fittings	3,597	(2,835)	762	–	–	–	(80)	–	7	–	4,026	(3,341)	685
Land:													
– Operational land	48,598	–	48,598	457	–	(5,575)	–	–	–	10,671	54,151	–	54,151
– Community land	107,654	–	107,654	–	–	–	–	–	–	–	107,654	–	107,654
– Land under roads (post 30/6/08)	28	–	28	–	–	–	–	–	–	–	28	–	28
Land improvements – non-depreciable	1,337	–	1,337	–	–	–	–	–	–	–	1,337	(1)	1,336
Land improvements – depreciable	461	(298)	163	–	–	–	(9)	–	–	–	461	(299)	162
Infrastructure:													
– Bridges	69,663	(28,884)	40,779	–	–	–	(701)	–	–	5	69,681	(29,598)	40,083
– Bulk earthworks (non-depreciable)	22,568	(15)	22,553	–	–	–	–	–	–	–	22,568	(21)	22,547
– Footpaths	16,634	(6,671)	9,963	–	–	–	(203)	–	2	519	17,470	(7,191)	10,279
– Buildings	166,882	(55,959)	110,923	1,578	218	–	(2,581)	–	–	(128)	159,584	(49,572)	110,012
– Other structures	36,328	(16,330)	19,998	95	–	–	(613)	–	9,916	(89)	48,425	(19,119)	29,306
– Stormwater drainage	100,849	(34,980)	65,869	–	–	–	(883)	–	(9,983)	52	88,852	(33,796)	55,056
– Swimming pools	5,599	(2,214)	3,385	–	–	–	(40)	–	–	–	5,599	(2,254)	3,345
– Other open space/recreational assets	16,771	(5,152)	11,619	267	–	(64)	(198)	–	–	–	16,945	(5,322)	11,623
– Roads	202,211	(92,275)	109,936	732	–	(53)	(2,267)	–	9	64	203,101	(94,678)	108,423
Other assets:													
– Library books	2,323	(2,016)	307	–	–	–	(62)	–	–	–	2,323	(2,078)	245
– Other	250	(44)	206	–	–	–	–	–	–	–	250	(44)	206
Total infrastructure, property, plant and equipment	848,421	(264,838)	583,583	9,819	2,029	(6,477)	(9,204)	(4,309)	–	11,094	845,098	(258,560)	586,538

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period								At 30 June 2025		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals [1]	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Transferred to held for sale	Reclassification	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	20,530	–	20,530	14,330	54	–	–	(13,678)	–	–	–	21,236	–	21,236
Plant and equipment	26,539	(18,147)	8,392	3,109	–	(1,665)	(1,880)	–	–	–	–	19,730	(11,774)	7,956
Office equipment	5,705	(5,271)	434	1	–	–	(124)	–	–	–	–	5,702	(5,391)	311
Furniture and fittings	3,277	(2,779)	498	445	–	(40)	(141)	–	–	–	–	3,597	(2,835)	762
Land:														
– Operational land	50,187	–	50,187	633	–	(557)	–	–	(36)	–	(1,629)	48,598	–	48,598
– Community land	107,654	–	107,654	–	–	–	–	–	–	–	–	107,654	–	107,654
– Land under roads (post 30/6/08)	28	–	28	–	–	–	–	–	–	–	–	28	–	28
Land improvements – non-depreciable	3,379	–	3,379	188	–	(45)	–	–	–	(121)	(2,064)	1,337	–	1,337
Land improvements – depreciable	3,103	(1,980)	1,123	–	–	(15)	(81)	–	–	(590)	(274)	461	(298)	163
Infrastructure:														
– Bridges	67,887	(27,465)	40,422	–	–	–	(682)	–	–	–	1,039	69,663	(28,884)	40,779
– Bulk earthworks (non-depreciable)	20,707	(1)	20,706	1,022	–	–	–	–	–	257	568	22,568	(15)	22,553
– Footpaths	15,981	(6,212)	9,769	281	–	(74)	(308)	–	–	34	261	16,634	(6,671)	9,963
– Buildings	153,601	(46,312)	107,289	482	5,900	–	(2,409)	–	–	119	(458)	166,882	(55,959)	110,923
– Other structures	4,889	(2,611)	2,278	–	–	(43)	(167)	–	–	2,540	15,390	36,328	(16,330)	19,998
– Stormwater drainage	97,902	(33,023)	64,879	212	–	–	(953)	–	–	14	1,717	100,849	(34,980)	65,869
– Swimming pools	1,208	(409)	799	1	–	–	(35)	–	–	243	2,377	5,599	(2,214)	3,385
– Other open space/recreational assets	10,895	(4,980)	5,915	3,543	–	–	(376)	–	–	(1,773)	4,310	16,771	(5,152)	11,619
– Roads	193,374	(85,891)	107,483	3,984	–	(350)	(4,082)	–	–	29	2,872	202,211	(92,275)	109,936
Other assets:														
– Library books	2,148	(1,944)	204	–	175	–	(72)	–	–	–	–	2,323	(2,016)	307
– Other	1,746	(594)	1,152	–	–	(2)	(94)	–	–	(752)	(98)	250	(44)	206
Total infrastructure, property, plant and equipment	790,740	(237,619)	553,121	28,231	6,129	(2,791)	(11,404)	(13,678)	(36)	–	24,011	848,421	(264,838)	583,583

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page

C1-7 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value. As in previous years, the accounting policy has not changed.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	**Other equipment**	Years
Office equipment	2 to 35	Playground equipment	5 to 20
Furniture & fittings	3 to 50	Benches, seats etc.	10 to 25
Computer equipment	3 to 5		
Vehicles	5 to 8		
Heavy plant/road making equipment	5 to 8	**Buildings**	
Other plant and equipment	5 to 40	Buildings	50 to 117

Transportation assets		**Other infrastructure assets**	
Sealed roads: surface	25 to 35	Bulk earthworks	infinite
Sealed roads: structure	30 to 180	Swimming pools	10 to 30
Road traffic control devices	25 to 80	Other open space/ recreational assets	10 to 50
Parking areas	25 to 120	Other infrastructure	15 to 95
Traffic management assets	25 to 78		
Bridge: concrete	80 to 100		
Bridge: other	60 to 100		
Kerb, gutter and footpaths	78 to 80		

Stormwater assets	
Drains	80 to 120
Culverts	50 to 100
Flood control structures	20 to 120

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

continued on next page

C1-7 Infrastructure, property, plant and equipment (continued)

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Council has performed an assessment of its Rural Fire Service "red fleet assets" and concluded that they are not material. On this basis, Council has elected not to recognise the red fleet assets. Buildings however continue to be recognised.

C1-8 Investment properties

$ '000	Notes	2026	2025
At fair value			
Opening balance at 1 July		**85,960**	80,200
Acquisitions [1]		**–**	5,760
Net gain/(loss) from fair value adjustments	B3-4	**(283)**	–
Capital Improvements		**2,562**	–
Closing balance at 30 June		**88,239**	85,960

(1) Purchase of Shoalhaven Street Property

Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income or other expenses.

C2 Liabilities of Council

C2-1 Payables

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Payables				
Prepaid rates	**522**	**–**	514	–
Goods and services	**2,171**	**–**	2,532	–
Accrued expenses:				
– Borrowings	**4**	**–**	5	–
– Salaries and wages	**529**	**–**	633	–
– Other expenditure accruals	**2,256**	**–**	2,050	–
Retirement village loan licence agreement	**65,210**	**–**	61,784	–
Security bonds, deposits and retentions	**2,529**	**–**	2,187	–
ATO – net GST payable	**118**	**–**	–	–
In-home aged care unspent client funds	**–**	**–**	52	–
Other	**72**	**–**	50	–
Total payables	**73,411**	**–**	69,807	–

Current payables not anticipated to be settled within the next twelve months

$ '000	2026	2025
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – retirement village loan licence agreement	**58,589**	55,605
Total payables	**58,589**	55,605

Material accounting policy information

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C2-2 Contract Liabilities

$ '000	Notes	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	**4,829**	**–**	4,797	–
Other user fees and charges	(ii)	**(337)**	**–**	(103)	–
Total contract liabilities		**4,492**	**–**	4,694	–

Notes

(i) Council has received funding under enforceable agreements to construct and upgrade Council-controlled community and sports infrastructure. Major funding receipted during the year includes the **Jamberoo Sporting Precinct lighting upgrade**, **Gerry Emery Oval and Bonaira sports field lighting**, **Kiama Netball Courts refurbishment**, **Gainsborough Oval sports facility upgrades**, the **Special Entertainment Precinct (SEP) trial**, **Jamberoo Valley Cycleway (Browns Lane to Jamberoo)**, and the **Joyce Wheatley Community Centre refurbishment**, alongside local road resealing and community asset renewals. The funds received are under enforceable contracts that require Council to construct identified assets that remain under Council's control upon completion. In accordance with AASB 1058 and AASB 15, revenue is recognized over time as Council constructs the assets and satisfies milestones; the contract liability reflects upfront grant funding received for which construction and performance obligations remain incomplete at year-end. The remaining revenue is expected to be recognised over the next 12 months.

(ii) Deposits received in advance for the Holiday Parks do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue in the following financial year.

C2-3 Borrowings

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Loans – secured	**2,435**	**5,892**	2,519	8,154
Total borrowings	**2,435**	**5,892**	2,519	8,154

(a) Changes in liabilities arising from financing activities

$ '000	2025 Opening Balance	Cash flows	Non-cash movements: Acquisition	Fair value changes	Acquisition due to change in accounting policy	Re-measurement	2026 Closing balance
Loans – secured	10,673	**(2,346)**	**–**	**–**	**–**	**–**	**8,327**
Lease liability	303	**(169)**	**–**	**–**	**–**	**215**	**349**
Total liabilities from financing activities	10,976	**(2,515)**	**–**	**–**	**–**	**215**	**8,676**

$ '000	2024 Opening Balance	Cash flows	Non-cash movements: Acquisition	Fair value changes	Acquisition due to change in accounting policy	Re-measurement	2025 Closing balance
Loans – secured	6,089	(675)	5,259	–	–	–	10,673
Lease liability	404	(138)	–	–	–	37	303
Total liabilities from financing activities	6,493	(813)	5,259	–	–	37	10,976

(b) Financing arrangements

$ '000	2026	2025
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities [1]	**2,000**	2,000
Credit cards/purchase cards	**400**	400
Total financing arrangements	**2,400**	2,400
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
Bank overdraft facilities	**–**	–
Credit cards/purchase cards	**44**	43
Total drawn financing arrangements	**44**	43
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
Bank overdraft facilities	**2,000**	2,000
Credit cards/purchase cards	**356**	357
Total undrawn financing arrangements	**2,356**	2,357

Breaches and defaults
During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans
Loans secured over future cash flows

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C2-4 Employee benefit provisions

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Annual leave	**2,206**	**–**	2,109	–
Sick leave	**135**	**–**	161	–
Long service leave	**3,006**	**530**	2,637	466
TOIL Leave	**417**	**–**	401	–
ELE on-costs	**801**	**74**	698	62
Total employee benefit provisions	**6,565**	**604**	6,006	528

Current employee benefit provisions not anticipated to be settled within the next twelve months

$ '000	2026	2025
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	**4,924**	4,498
Other	**453**	396
	5,377	4,894

Description of and movements in provisions

Material accounting policy information

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

C2-5 Provisions

$ '000	2026 Current	2026 Non-Current	2025 Current	2025 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works) [1]	–	–	633	–
Sub-total – asset remediation/restoration	–	–	633	–
Total provisions	–	–	633	–

(1) Relates to Havilah Place provision for demolition

Description of and movements in provisions

$ '000	Movement in provisions Total
2026	
Opening Balance at 1 July	**633**
Amounts used (payments)	**(633)**
Closing Balance at 30 June	**–**

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation Surplus
The infrastructure, property, plant and equipment (IPPE) revaluation surplus is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

Fair value through other comprehensive income reserve (FVOCI)
Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

$ '000	**Carrying value 2026**	Carrying value 2025	**Fair value 2026**	Fair value 2025
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	**11,649**	17,928	**11,649**	17,928
Receivables	**5,347**	6,224	**5,347**	6,224
Investments				
– Debt securities at amortised cost	**31,000**	20,000	**31,000**	20,000
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	**504**	465	**504**	465
Total financial assets	**48,500**	44,617	**48,500**	44,617
Financial liabilities				
Payables	**73,411**	69,807	**73,411**	69,087
Loans/advances	**8,327**	10,673	**8,327**	10,673
Total financial liabilities	**81,738**	80,480	**81,738**	79,760

Fair value is determined as follows:

- **Cash** and **cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** and **measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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D1-1 Risks relating to financial instruments held (continued)

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Market risk** - Interest rate risk – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate

$ '000	2026	2025
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	**432**	384
Impact of a 10% movement in price of investments		
– Equity / Income Statement	**4,315**	3,839

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D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

$ '000	Not yet overdue	overdue rates and annual charges 1 - 2 years	2 - 5 years	≥ 5 years	Total
2026					
Gross carrying amount	**–**	**751**	**64**	**46**	**861**
2025					
Gross carrying amount	–	795	67	49	911

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

$ '000	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
2026						
Gross carrying amount	**3,303**	**2,896**	**16**	**65**	**283**	**6,563**
Expected loss rate (%)	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**1.00%**	**0.04%**
ECL provision	**–**	**–**	**–**	**–**	**3**	**3**
2025						
Gross carrying amount	3,133	2,104	313	64	212	5,826
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.47%	0.02%
ECL provision	–	–	–	–	1	1

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

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D1-1 Risks relating to financial instruments held (continued)

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cash flows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2026							
Payables	**0.00%**	**2,529**	**5,672**	**65,210**	**–**	**73,411**	**73,411**
Borrowings	**2.34%**	**–**	**2,435**	**3,898**	**1,821**	**8,154**	**8,327**
Total financial liabilities		**2,529**	**8,107**	**69,108**	**1,821**	**81,565**	**81,738**
2025							
Payables	0.00%	2,187	5,836	61,784	–	69,807	69,807
Borrowings	2.34%	–	2,519	6,128	2,026	10,673	10,673
Total financial liabilities		2,187	8,355	67,912	2,026	80,480	80,480

Item 14.1

Enclosure 1

D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

– Infrastructure, property, plant and equipment
– Investment property
– Financial assets and liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

– Non-current assets classified as 'held for sale'

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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D2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
$ '000	Notes	2026	2025	2026	2025	2026	2025
Recurring fair value measurements							
Financial assets							
Other financial assets (Civic Risk Mutual)		**504**	465	**–**	–	**504**	465
Total financial assets		**504**	465	**–**	–	**504**	465
Investment property	C1-8						
Blue Haven ILU		**82,479**	80,200	**–**	–	**82,479**	80,200
Other		**5,760**	5,760	**–**	–	**5,760**	5,760
Total investment property		**88,239**	85,960	**–**	–	**88,239**	85,960
Infrastructure, property, plant and equipment	C1-7						
Operational land		**54,151**	48,598	**–**	–	**54,151**	48,598
Community land		**–**	–	**107,654**	107,654	**107,654**	107,654
Land under roads		**–**	–	**28**	28	**28**	28
Land improvements – non-depreciable		**–**	–	**1,336**	1,337	**1,336**	1,337
Land improvements – depreciable		**–**	–	**162**	163	**162**	163
Buildings		**–**	–	**110,012**	110,923	**110,012**	110,923
Roads bridges footpaths		**–**	–	**158,785**	160,678	**158,785**	160,678
Stormwater drainage		**–**	–	**55,056**	65,869	**55,056**	65,869
Bulk earthworks – non depreciable		**–**	–	**22,547**	22,553	**22,547**	22,553
Other Open Space Recreation Assets & Swimming Pools		**–**	–	**14,968**	15,004	**14,968**	15,004
Other structures		**–**	–	**29,306**	19,998	**29,306**	19,998
Other		**–**	–	**206**	206	**206**	206
Total infrastructure, property, plant and equipment		**54,151**	48,598	**500,060**	504,413	**554,211**	553,011
Non-recurring fair value measurements							
Non-current assets classified as held for sale	C1-6						
Land and Building		**–**	945	**–**	–	**–**	945
Total NCA's classified as held for sale		**–**	945	**–**	–	**–**	945

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D2-1 Fair value measurement (continued)

Valuation techniques

Pre-amble

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs), Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Cost Approach – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost)

Income Approach – Valuation technique that converts future amounts (cash flow inflows/outflows) to signal the current (i.e discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market Approach – A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Investment property

Council continued to apply a conservative approach in reviewing the in-house valuation of Blue Haven Terralong Independent Living Units, which was independently reviewed by StewartBrown Advisory as at 30 June 2025. The review determined that the fair value of the investment property has increased by $2.28 million. In addition to updates in economic parameters, the increase reflects higher unit prices as of 1 July 2026, which recover higher refurbishment costs per unit, aligned with Council's Long-Term Financial Plan.

Council acquired the properties located at 113 and 117 Shoalhaven Street via a vendor finance arrangement in the 2025 financial year. It was determined that there were no material movement and therefore no change is required for the fair value of these assets.

Recognition of the associated financial liability has also been recorded in accordance with relevant accounting standards.

Infrastructure, property, plant and equipment (IPPE)

Operational Land

This asset class comprises all Council's land classified as Operational Land under the NSW Local Government Act 1993. Operational land was revalued on 30 June 2022 based off land values provided by Valuer General. Along with the application of market approach, the key unobservable input into the valuation is the price per square metre.

Community Land

All Council's Community Land and Council managed land under the NSW Local Government Act 1993 were listed under this asset category. The "Market Approach" has been utilised whereby the primary unobservable factors considered in the valuation are level of restriction, land area and land value. The asset class of Community Land was revalued as of 30 June 2023 by using data obtained from the NSW Valuer-General.

Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 1 July 2008. 'Land under Roads' have been valued using the square metre rates applicable for nearby or adjacent Community Land, having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements – non depreciable

Land Improvements – Non-depreciable are permanent enhancements to land, such as landscaping or site preparation, that have an indefinite life and therefore are not depreciated. The asset class Land Improvement - Non-Depreciable assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Land Improvements – depreciable

This asset class comprises land improvements such as playgrounds. These assets may be located on parks, reserves and also within road reserves, for which a full revaluation of Land Improvements - Depreciable assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in

continued on next page

D2-1 Fair value measurement (continued)

accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Buildings – Specialised and Non Specialised
APV, an independent valuer, performed valuation for buildings on 30 June 2022 with the approach of componentising each building into significant parts with different useful lives and took into account a range of factors. For example, a pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets are classified as being valued using Level 3 valuation inputs.

Open Space/Recreational Assets
Assets within this class include playground equipment, BBQs and outdoor fitness facilities. A full revaluation of Open Space assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Other Structures
Australis performed a full revaluation of Other Structures on June 2025. This asset class includes sporting facilities, park furniture, signs, skate facilities etc.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Roads, Bridges, Footpaths
AssetVal (Mercer), an independent valuer, performed valuation for Roads, Bridges, Footpaths on 30 June 2023 with the 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's, International Infrastructure Management Manual (IIMM). As such, these assets are classified as being valued using Level 3 valuation inputs.

Bulk Earthworks – non depreciable
On June 2023, AssetVal (Mercer), an independent valuer, performed valuation based on the 'Cost Approach' which estimated the replacement cost for each asset. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Stormwater Drainage
Stormwater drainage assets, including pipelines, pits, headwalls and other drainage structures. A full revaluation of these assets was conducted in June 2024 by Australis, an independent valuer, using the *Cost Approach*. This approach estimated the replacement cost by componentising the assets into significant parts with varying useful lives and factoring in a range of considerations. The level of componentisation adopted by Council is consistent with OLG Circular 09-09 and the Institute of Public Works Engineering Australasia's *International Infrastructure Management Manual* (IIMM). Inputs such as asset condition, pattern of consumption, residual value, and useful life required extensive professional judgement and had a significant impact on the final determination of fair value.

Non-current assets classified as 'held for sale'

This asset class comprises of standalone parcels of land and a combination of land with buildings, both classified as "held for sale" and valued at fair market value.

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans
Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named Vision Super Defined Benefit Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

As a result we believe that each sponsoring employer should account for the subgroup under paragraph 34 of the Standard and in particular the additional disclosure requirements set out in paragraph 148 apply.

Disclosure items under paragraph 148

We have set out below the disclosure requirements under paragraph 148 of the Standard for each sponsoring employer. These disclosure requirements should be verified with the sponsoring employers' relevant auditors.

(a) Description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% of salaries
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2026.

(b) Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

continued on next page

D3-1 Contingencies (continued)

(c) Description of any agreed allocation of a deficit or surplus on:

(i) Wind-up of the plan
There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) The council's withdrawal from the plan
There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) Given the council accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact that the plan is a defined benefit plan
We confirm the plan is a defined benefit plan.

(ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan
Detailed under (i) Defined benefit superannuation contribution plans.

(iii) the expected contributions to the plan for the next annual reporting period.
See cover letter

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the council.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ended 30 June 2026 was $71,667.66. Council's expected contribution to the plan for the next annual reporting period is $119,932.81.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2026 is:

Defined Benefit Employer reserves only *	$ (millions)	Asset Coverage
Assets	2,127.6	
Past Service Liabilities	1,966.9	108.2%
Vested Benefits	2,007.4	106.0%

* excluding other accumulation member accounts and reserves in both assets and liabilities.

The key economic assumptions used to calculate the present value of accrued benefits are:

Investment return	6.25% per annum
Salary inflation	4.00% 2026/27, 4.00% 2027/28, 4.00% 2028/29, 3.50% per annum thereafter.
Increase in CPI	4.10% 2025/26, 3.75% 2026/27, 2.50% per annum thereafter.

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, an adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by Richard Boyfield as the Fund's Actuary, the final end of year review will be completed by December 2026.

(v) an indication of the level of participation of the entity in the plan compared with other participating councils

An employer's share of any funding surplus or deficit (see cover letter) that can be attributed to each organisation provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(ii)CivicRisk Mutual Limited

continued on next page

D3-1 Contingencies (continued)

Council is a member of CivicRisk Mutual Limited, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/06 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

continued on next page

D3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/06/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

$ '000	2026	2025
Compensation:		
Short-term benefits	**1,996**	2,023
Post-employment benefits	**–**	–
Other long-term benefits	**128**	167
Termination benefits	**40**	410
Total	**2,164**	2,600

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There are no other disclosures to be made by KMP.

E1-2 Councillor and Mayoral fees and associated expenses

$ '000	2026	2025
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	**51**	47
Councillors' fees	**208**	194
Other Councillors' expenses (including Mayor)	**98**	97
Total	**357**	338

Item 14.1

Enclosure 1

E2 Other relationships

E2-1 Audit fees

$ '000	2026	2025
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	**238**	–
Audit and review of 2024/25 financial statements	**–**	260
Audit and review of 2023/24 financial statements	**–**	20
Remuneration for audit and other assurance services	**238**	280
Total fees paid or payable to the NSW Auditor-General	**238**	280
Non NSW Auditor-General audit firms		
Other audit and assurance services	**66**	33
Total remuneration of non NSW Auditor-General audit firms	**66**	33
Total audit fees	**304**	313

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

$ '000	2026	2025
Net operating result from Income Statement	**(2,388)**	(7,390)
Add / (less) non-cash items:		
Depreciation and amortisation	**9,347**	11,557
(Gain) / loss on disposal of assets	**(453)**	1,063
Non-cash capital grants and contributions	**(27)**	(5,533)
Deferred Management Fees	**(1,958)**	(2,001)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	**(39)**	(92)
– Investment property	**283**	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	**877**	23
(Increase) / decrease of inventories	**12**	(18)
(Increase) / decrease of other current assets	**(53)**	6,527
(Increase) / decrease of contract asset	**(1,564)**	975
Increase / (decrease) in payables	**(361)**	(617)
Increase / (decrease) in accrued interest payable	**(1)**	(100)
Increase / (decrease) in other accrued expenses payable	**102**	(2,103)
Increase / (decrease) in other liabilities	**3,864**	2,641
Increase / (decrease) in contract liabilities	**(202)**	329
Increase / (decrease) in employee benefit provision	**635**	418
Increase / (decrease) in other provisions	**(633)**	633
Net cash flows from operating activities	**7,441**	6,312

F2-1 Commitments

Capital commitments (exclusive of GST)

$ '000	2026	2025
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Holiday parks	**–**	26
Plant and equipment	**415**	159
Roads and Bridges	**1,312**	314
Open space and recreation	**–**	216
Other	**215**	357
Investment property		
Buildings	**841**	91
Total commitments	**2,783**	1,163

F3 Statement of developer contributions

F3-1 Summary of developer contributions

$ '000	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Transfers and Adjustments	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 levies – under a plan	13,883	**1,550**	**–**	**–**	**635**	**(360)**	**–**	**15,708**	**–**
Total S7.11 and S7.12 revenue under plans	13,883	**1,550**	**–**	**–**	**635**	**(360)**	**–**	**15,708**	**–**
Total contributions	13,883	**1,550**	**–**	**–**	**635**	**(360)**	**–**	**15,708**	**–**

Under the *Environmental Planning and Assessment Act 1979*, Council levies development contributions under Section 7.11 and Section 7.12 towards the cost of providing additional infrastructure to meet the needs of the growing population.

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Council information and contact details

Principal place of business:
11 Manning Street
Kiama NSW 2533

Contact details

Mailing Address:
PO Box 75
Kiama NSW 2533

Telephone: 02 4232 0444
Facsimile: 02 4232 0555

Opening hours:
8:45am - 4:15pm
Monday to Friday

Internet: www.kiama.nsw.gov.au
Email: council@kiama.nsw.gov.au

Officers

Chief Executive Officer
Jane Frawley

Responsible Accounting Officer
Jose Diaz

Auditors
Audit Office of NSW
GPO Box 12, Sydney NSW 2001

Elected members

Mayor
Cameron McDonald

Councillors
Melissa Matters (Deputy Mayor)
Matt Brown
Mike Cains (Former)
Imogen Draisma
Stuart Larkins
Melinda Lawton
Yasmin Tatrai
Erica Warren

Other information

ABN: 22 379 679 108

Item 14.1

Enclosure 1

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Kiama Municipal Council

To the Councillors of Kiama Municipal Council

Opinion

I have audited the accompanying financial statements of Kiama Municipal Council (the council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2026, the Statement of Financial Position as at 30 June 2026, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the council's accounting records
  - present fairly, in all material respects, the financial position of the council as at 30 June 2026, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and special schedules (the schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' responsibilities for the financial statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

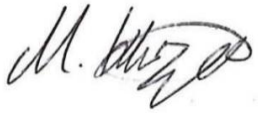
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the council carried out its activities effectively, efficiently and economically
- on the original budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 October 2026
SYDNEY

Cr Cameron McDonald
Mayor
Kiama Municipal Council
11 Manning Street
KIAMA NSW 2533

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: R008-266507568-12381

26 October 2026

Dear Mayor

Report on the Conduct of the Audit

for the year ended 30 June 2026

Kiama Municipal Council

I have audited the general purpose financial statements (GPFS) of the Kiama Municipal Council (the Council) for the year ended 30 June 2026 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.
My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Basis of this report

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2026 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2025-26
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

Income statement

Financial performance

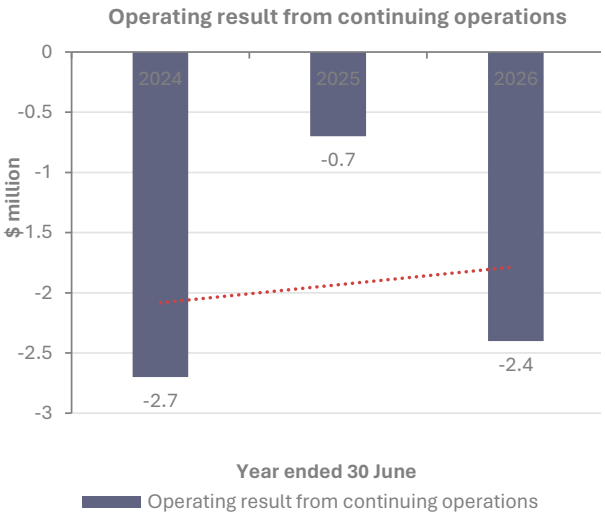
	2026 $m	2025 $m	Variance %
Rates and annual charges revenue	30.3	28.7	5.6
Grants and contributions provided for operating purposes revenue	4.9	3.5	40.0
Grants and contributions provided for capital purposes revenue	7.0	15.5	54.8
Operating result from continuing operations	(2.4)	(0.7)	242.9
Net operating result for the year before grants and contributions provided for capital purposes	(9.3)	(22.9)	59.4

Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Operating result from continuing operations for the year was $1.7 million lower than the 2024–25 result as:

- grants and contributions revenue decreased by $7.1 million. This was mainly due to the non-recurrence of $6.3 million in storm and flood damage grants and $5.5 million relating to Gerringong Surf Club recognised in the prior year. This was partially offset by a $2.4 million increase in transport grants and $1.5 million increase in developer contributions
- materials and services expenses ($27.9 million) decreased by $2.1 million (7.1 %), mainly due to a $1.6 million reduction in legal expenses
- depreciation, amortisation and impairment of non-financial assets expense ($9.3 million) decreased by $2.2 million (19.1 %) due to a reassessment of Council's useful lives for transportation assets during the year.



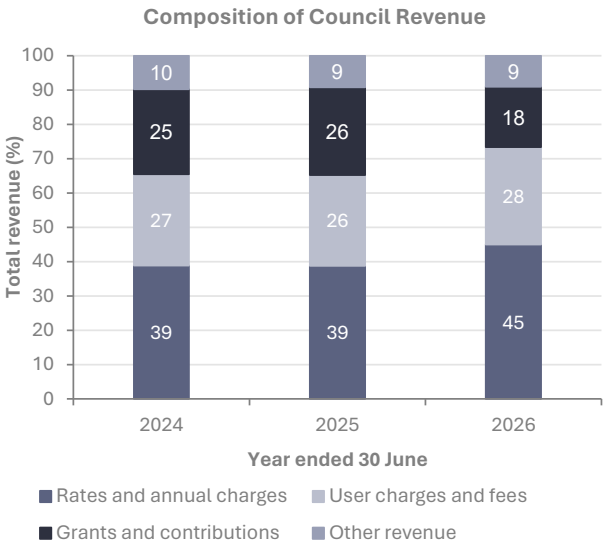
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Revenue ($67.5 million) decreased by $6.6 million (8.9 %) in 2025–26 and this is mainly due to:

- grants and contributions revenue ($11.9 million) decreasing by $7.1 million. This is explained above
- rates and annual charges revenue ($30.3 million) increasing by $1.6 million, due to the rate peg increase of 3.7 %.



Cash flows

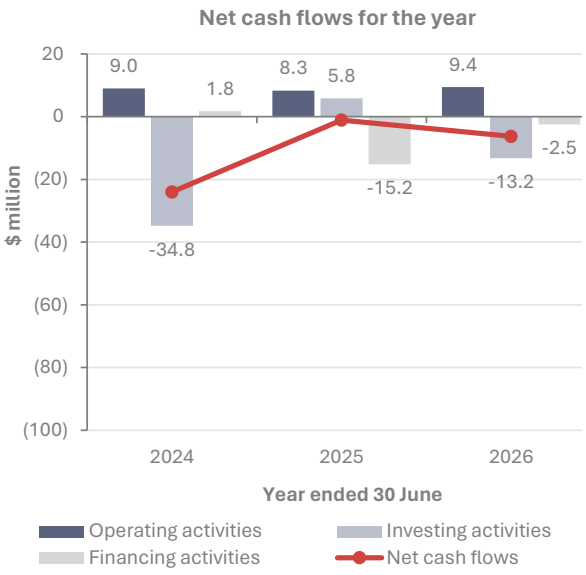
Statement of Cash Flows

The Statement of Cash Flows details the Council's cash inflows and outflows. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for 2025-26 were negative $6.3 million. In 2025-26 the net cashflows:

- from operating activities ($9.4 million) remained relatively stable, with an increase of $1.1 million.
- used in investing activities ($13.2 million) increased by $19.0 million, mainly due to an increase in the net acquisition of term deposits and the cash received from the sale of Blue Haven Bonaira Aged Care and Retirement Living services recognised in the prior year. This was partially offset by a reduction in net payments for infrastructure, property, plant and equipment.
- used in financing activities ($2.5 million) decreased by $12.8 million, mainly due to the repayment of the T-Corp loan relating to the discontinued operation in the prior year.



Financial position

Cash, cash equivalents and investments

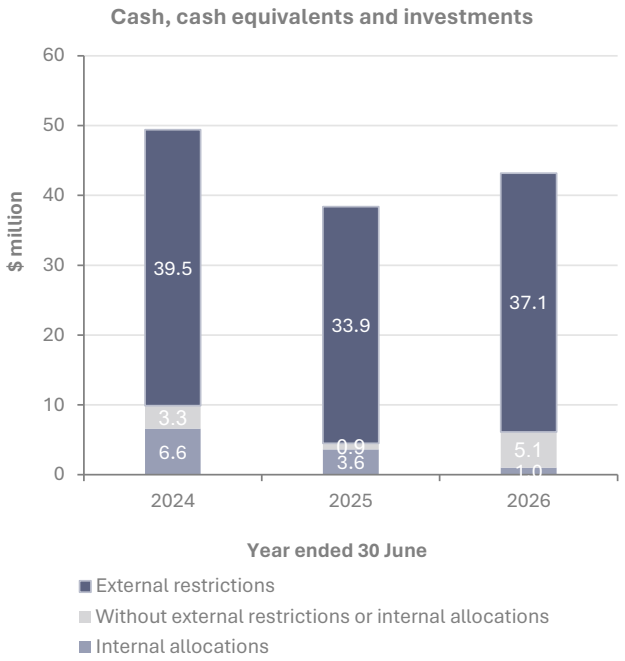
Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by council due to a restriction placed by legislation or third party contractual agreement.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

This graph shows the amount of cash, cash equivalents and investments with external restrictions, internal allocations, and those with neither as at 30 June 2026 and prior two financial years.

The reasons for the movement within restricted and allocated cash, cash equivalents and investments balance are outlined below:

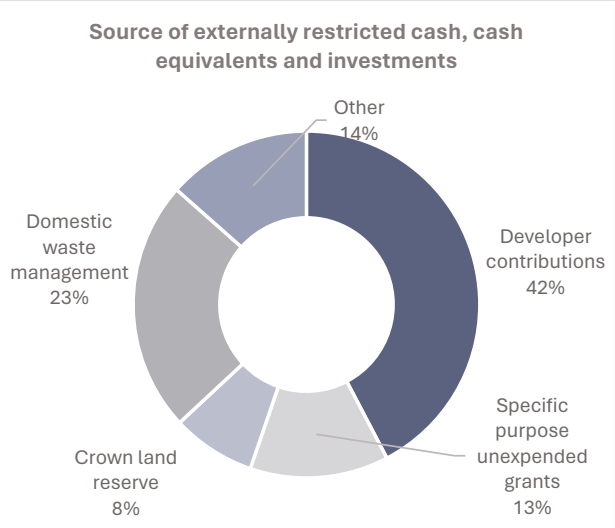
- the increase in external restrictions of $3.2 million was mainly due to $1.8 million increase in developer contributions and $1.4 million increase in domestic waste management
- the decrease in internal allocations of $2.5 million was mainly due to $1.5 million decrease in cash allocated to employees leave entitlement and $0.8 million decrease in Terralong Independent Living Units capital works.



This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2025-26 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of $15.7 million
- domestic waste management charges of $8.7 million
- specific purpose unexpended grants of $4.8 million
- Crown land reserve of $2.9 million.



Council liquidity

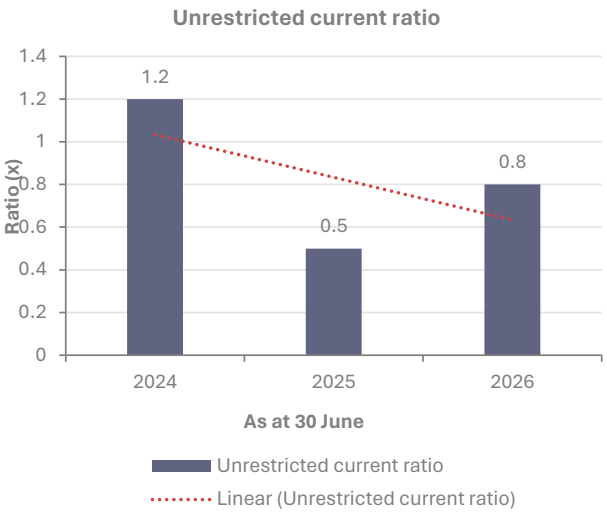
This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

In 2024-25, the average unrestricted current ratio was an average of 2.6x for regional councils.

The Council's ratio is relatively low, however, this is partly due to its payables relating to retirement village loan licence agreements which are classified as current.

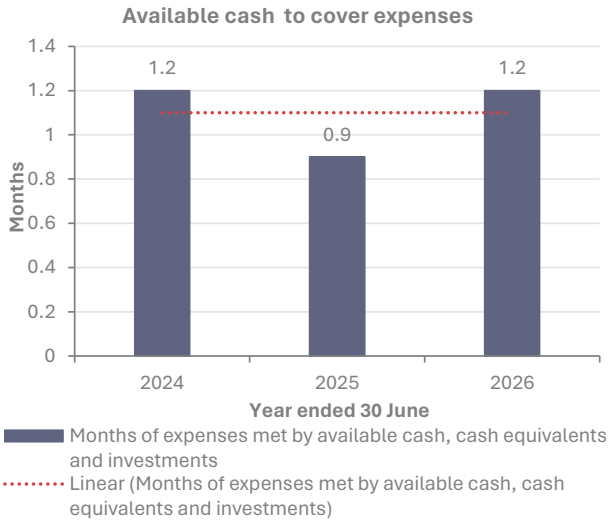
Council has $4.1 million higher current assets in the current year which improved its unrestricted current ratio in 2025-26.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs) Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

At 30 June 2026, Council has available cash to cover 1.2 months of general fund expenses.

Council has additional $1.6 million unrestricted cash and investments in the current year which increased its ability to meet future expenses.



Debt

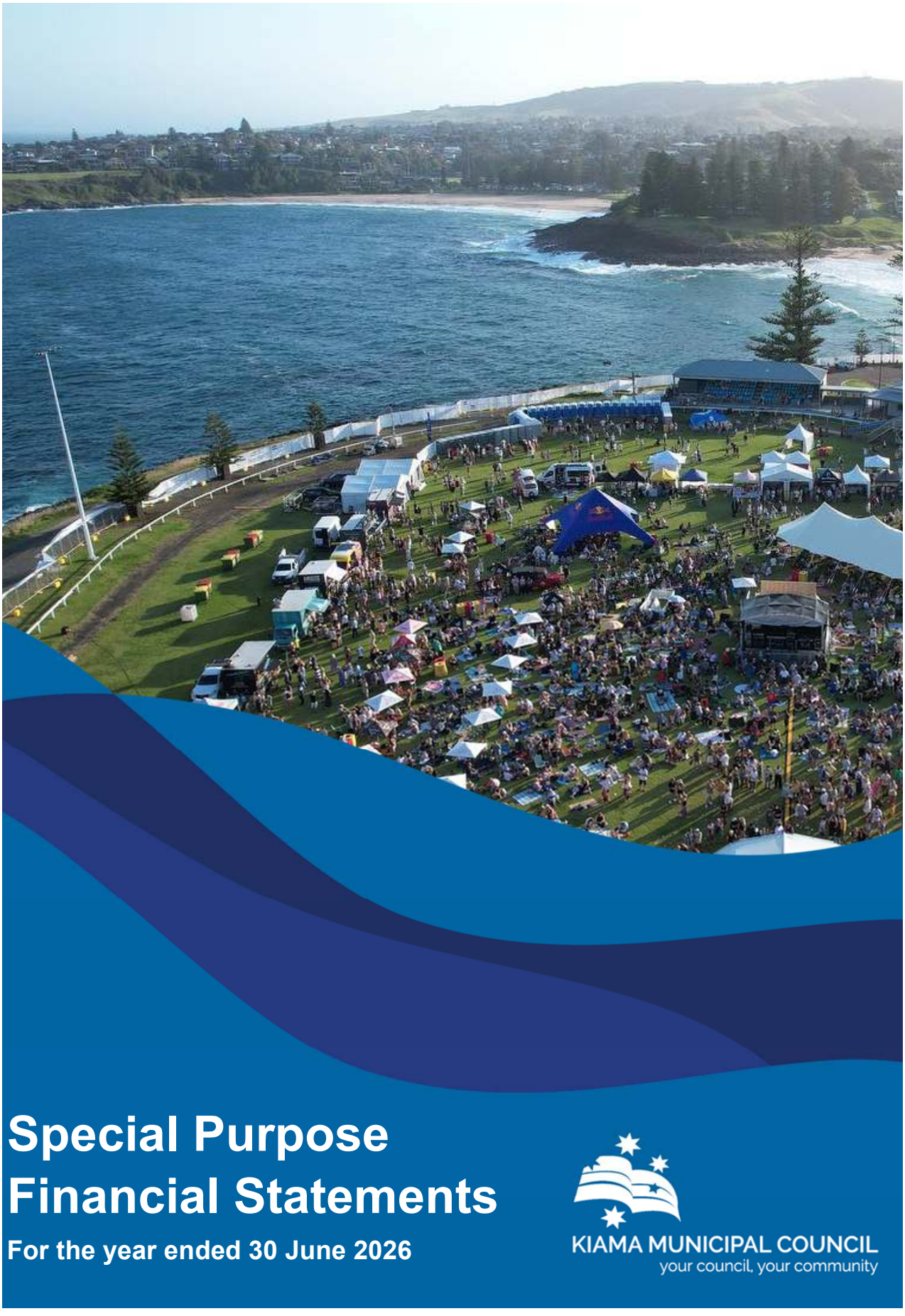
The Council has the following loan balances in 2025-26:

- $1.8 million in bank borrowings for the purpose of capital works relating to Council's building assets (2025: $2.3 million).
- $3.0 million with NSW Treasury Corporation for the purpose of Gerringong library, road resealing, bridge restoration, leisure centre splash pad and playgrounds (2025: $3.1 million).
- $3.5 million of vendor finance related to the purchase of Shoalhaven Street investment property (2025: $5.4 million).



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General



Special Purpose Financial Statements

For the year ended 30 June 2026

KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2026

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Background

i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than $2 million that Council has formally declared as a business activity (defined as Category 1 activity).

iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2026

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached special purpose financial statements have been prepared in accordance with:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year; and
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 October 2026.

Cameron McDonald
Mayor
20 October 2026

Melissa Matters
Deputy Mayor
20 October 2026

Jane Frawley
Chief Executive Officer
20 October 2026

Jose Diaz
Chief Financial Officer
20 October 2026

Kiama Municipal Council

Income Statement of Holiday Parks

for the year ended 30 June 2026

$ '000	2026 Category 1	2025 Category 1
Income from continuing operations		
User charges and fees	**12,007**	11,432
Total income from continuing operations	**12,007**	11,432
Expenses from continuing operations		
Employee benefits and on-costs	**499**	427
Borrowing costs	**49**	61
Materials and services	**6,774**	6,616
Calculated taxation equivalents	**134**	130
Other expenses	**1,687**	1,130
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**9,143**	8,364
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**2,864**	3,068
Depreciation, amortisation and impairment of non-financial assets	**581**	639
Surplus (deficit) from continuing operations before capital amounts	**2,283**	2,429
Surplus (deficit) from continuing operations after capital amounts	**2,283**	2,429
Surplus (deficit) from all operations before tax	**2,283**	2,429
Less: corporate taxation equivalent [based on result before capital]	**(594)**	(651)
Surplus (deficit) after tax	**1,689**	1,778
Plus accumulated surplus	**25,212**	23,330
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**134**	130
– Corporate taxation equivalent	**594**	651
Less:		
– Dividend paid (distribution to the general fund)	**(921)**	(677)
Closing accumulated surplus	**26,708**	25,212
Return on capital %	**6.9%**	6.3%

Kiama Municipal Council

Income Statement of Blue Haven Terralong

for the year ended 30 June 2026

$ '000	2026 Category 1	2025 Category 1
Income from continuing operations		
User charges and fees	**1,048**	1,110
Interest and investment income	**7**	1
Other income - deferred management fees (DMF)	**1,962**	2,001
Total income from continuing operations	**3,017**	3,112
Expenses from continuing operations		
Employee benefits and on-costs	**359**	393
Materials and services	**1,261**	2,297
Other expenses	**280**	255
Fair value decrement - investment property	**283**	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**2,183**	2,945
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**834**	167
Surplus (deficit) from continuing operations before capital amounts	**834**	167
Surplus (deficit) from continuing operations after capital amounts	**834**	167
Surplus (deficit) from all operations before tax	**834**	167
Less: corporate taxation equivalent (25%) [based on result before capital]	**(209)**	(42)
Surplus (deficit) after tax	**625**	125
Plus accumulated surplus *	**(15,180)**	(15,347)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	**209**	42
Closing accumulated surplus	**(14,346)**	(15,180)
Return on capital %	**0.0%**	0.0%

(*) Prior year accumulated surplus includes Blue Haven Bonaira

Kiama Municipal Council

Income Statement of Commercial Waste

for the year ended 30 June 2026

$ '000	2026 Category 2	2025 Category 2
Income from continuing operations		
Annual charges	**204**	196
User charges and fees	**615**	1,679
Other income	**238**	754
Total income from continuing operations	**1,057**	2,629
Expenses from continuing operations		
Employee benefits and on-costs	**364**	1,217
Materials and services	**596**	2,647
Calculated taxation equivalents	**20**	66
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**980**	3,930
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**77**	(1,301)
Depreciation, amortisation and impairment of non-financial assets	**49**	214
Surplus (deficit) from continuing operations before capital amounts	**28**	(1,515)
Surplus (deficit) from continuing operations after capital amounts	**28**	(1,515)
Surplus (deficit) from all operations before tax	**28**	(1,515)
Less: corporate taxation equivalent [based on result before capital]	**(7)**	–
Surplus (deficit) after tax	**21**	(1,515)
Plus accumulated surplus	**(82)**	1,367
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**20**	66
– Corporate taxation equivalent	**7**	–
Closing accumulated surplus	**(34)**	(82)
Return on capital %	**1.7%**	(114.2)%
Subsidy from Council *	**–**	1,597

(*) Council resolved to discontinue Hire services portion of Commercial Waste as at 30 June 2025

Kiama Municipal Council

Income Statement of The Pavilion

for the year ended 30 June 2026

$ '000	2026 Category 2	2025 Category 2
Income from continuing operations		
User charges and fees	**584**	649
Grants and contributions provided for capital purposes	**–**	24
Total income from continuing operations	**584**	673
Expenses from continuing operations		
Employee benefits and on-costs	**276**	282
Materials and services	**416**	456
Calculated taxation equivalents	**24**	24
Other expenses	**598**	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**1,314**	762
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**(730)**	(89)
Depreciation, amortisation and impairment of non-financial assets	**155**	141
Surplus (deficit) from continuing operations before capital amounts	**(885)**	(230)
Surplus (deficit) from continuing operations after capital amounts	**(885)**	(230)
Surplus (deficit) from all operations before tax	**(885)**	(230)
Surplus (deficit) after tax	**(885)**	(230)
Plus accumulated surplus	**(437)**	(231)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**24**	24
Closing accumulated surplus	**(1,298)**	(437)
Return on capital %	**(8.7)%**	(3.2)%
Subsidy from Council	**885**	230

Kiama Municipal Council

Statement of Financial Position of Holiday Parks

as at 30 June 2026

$ '000	2026 Category 1	2025 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	**2,881**	3,672
Receivables	**7,645**	334
Total current assets	**10,526**	4,006
Non-current assets		
Infrastructure, property, plant and equipment	**33,757**	39,478
Total non-current assets	**33,757**	39,478
Total assets	**44,283**	43,484
LIABILITIES		
Current liabilities		
Borrowings	**500**	500
Payables	**628**	863
Employee benefit provisions	**56**	31
Total current liabilities	**1,184**	1,394
Non-current liabilities		
Borrowings	**1,250**	1,750
Employee benefit provisions	**5**	2
Intercompany loan	**–**	–
Total non-current liabilities	**1,255**	1,752
Total liabilities	**2,439**	3,146
Net assets	**41,844**	40,338
EQUITY		
Accumulated surplus	**26,708**	25,212
Revaluation reserves	**15,136**	15,126
Total equity	**41,844**	40,338

Kiama Municipal Council

Statement of Financial Position of Blue Haven Terralong

as at 30 June 2026

$ '000	2026 Category 1	2025 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	**2,289**	4,152
Receivables	**16**	246
Total current assets	**2,305**	4,398
Non-current assets		
Receivables	**156**	212
Investment property	**82,479**	80,200
Total non-current assets	**82,635**	80,412
Total assets	**84,940**	84,810
LIABILITIES		
Current liabilities		
Payables	**65,388**	62,061
Employee benefit provisions	**50**	32
Total current liabilities	**65,438**	62,093
Non-current liabilities		
Intercompany loan	**16,062**	20,113
Employee benefit provisions	**4**	2
Total non-current liabilities	**16,066**	20,115
Total liabilities	**81,504**	82,208
Net assets	**3,436**	2,602
EQUITY		
Retained earnings	**(14,346)**	(15,180)
Revaluation reserves	**17,782**	17,782
Total equity	**3,436**	2,602

Kiama Municipal Council

Statement of Financial Position of Commercial Waste

as at 30 June 2026

$ '000	Notes	2026 Category 2	2025 Category 2
ASSETS			
Current assets			
Receivables		**42**	278
Total current assets		**42**	278
Non-current assets			
Infrastructure, property, plant and equipment		**1,647**	1,327
Total non-current assets		**1,647**	1,327
Total assets		**1,689**	1,605
LIABILITIES			
Current liabilities			
Intercompany loan		**915**	783
Employee benefit provisions		**708**	765
Total current liabilities		**1,623**	1,548
Non-current liabilities			
Employee benefit provisions		**66**	57
Total non-current liabilities		**66**	57
Total liabilities		**1,689**	1,605
Net assets		**–**	–

Kiama Municipal Council

Statement of Financial Position of The Pavilion

as at 30 June 2026

$ '000	Notes	2026 Category 2	2025 Category 2
ASSETS			
Current assets			
Receivables		**13**	42
Total current assets		**13**	42
Non-current assets			
Infrastructure, property, plant and equipment		**10,206**	7,178
Total non-current assets		**10,206**	7,178
Total assets		**10,219**	7,220
LIABILITIES			
Current liabilities			
Payables		**23**	36
Employee benefit provisions		**102**	108
Intercompany loan		**4,236**	356
Total current liabilities		**4,361**	500
Non-current liabilities			
Employee benefit provisions		**12**	13
Total non-current liabilities		**12**	13
Total liabilities		**4,373**	513
Net assets		**5,846**	6,707
EQUITY			
Retained earnings		**(1,298)**	(437)
Revaluation reserves		**7,144**	7,144
Total equity		**5,846**	6,707

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

Category 1
(where gross operating turnover is over $2 million)

a. Blue Haven
Independent Living Units

b. Holiday Parks
Caravan and Camping Parks

Category 2
(where gross operating turnover is less than $2 million)

a. Commercial Waste
Commercial waste services

b. The Pavilion
Venue hire

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

continued on next page

Note – Material accounting policy information (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%**

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of IPPE as at 30 June 2026}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.74% at 30/06/26.

INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Kiama Municipal Council

To the Councillors of Kiama Municipal Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Kiama Municipal Council's (the council) declared business activities, which comprise the Statement by Councillors and Management, the Income Statement of each declared business activity for the year ended 30 June 2026, the Statement of Financial Position of each declared business activity as at 30 June 2026 and the material accounting policy information note.

The declared business activities of the council are:

- Holiday Parks
- Blue Haven Terralong
- Commercial Waste
- The Pavilion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the council's declared business activities as at 30 June 2026, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2025–26 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of matter - basis of accounting

Without modifying my opinion, I draw attention to the material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and special schedules (the schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' responsibilities for the financial statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

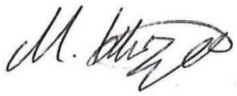
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

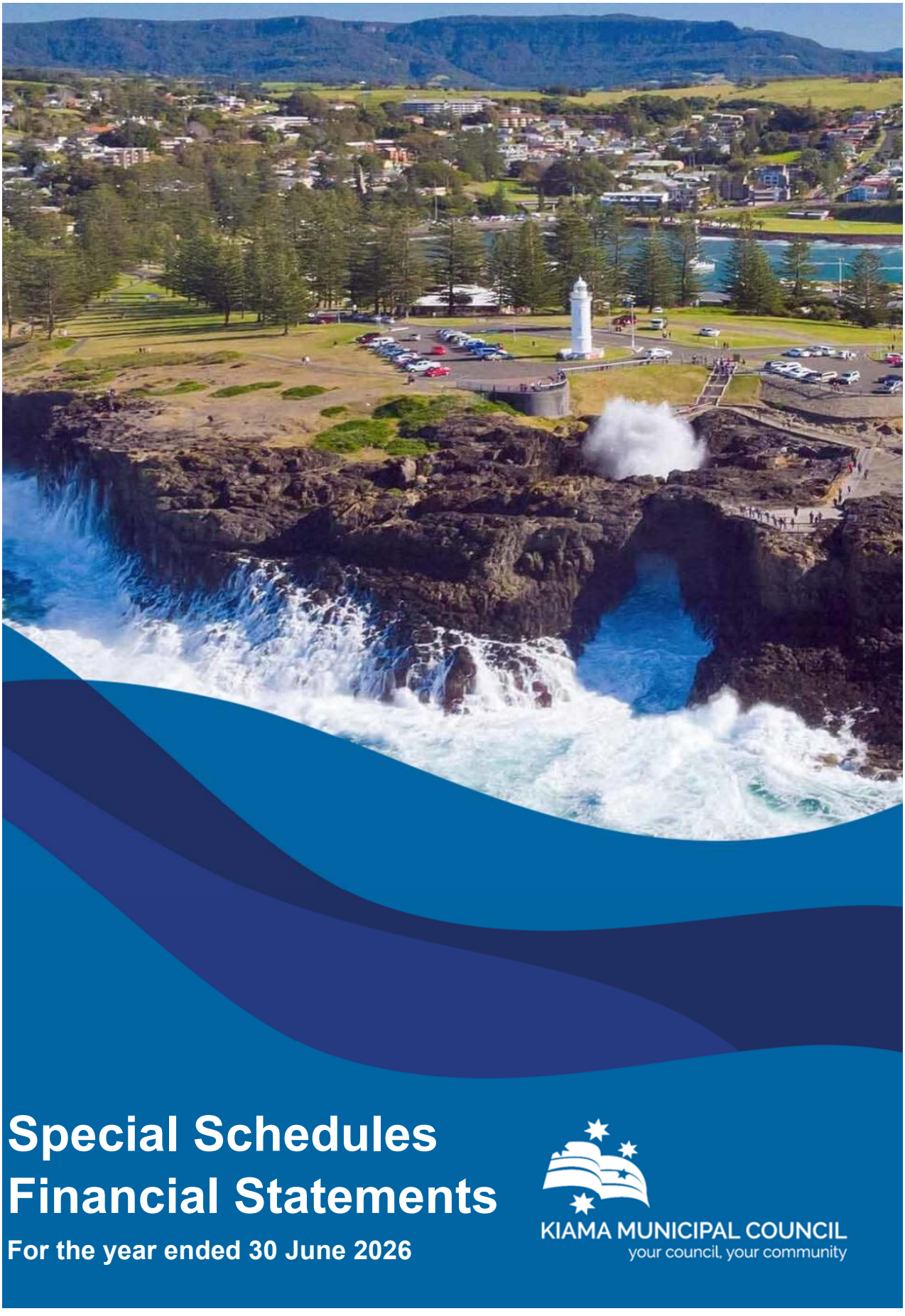
- that the council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 October 2026
SYDNEY



Special Schedules Financial Statements

For the year ended 30 June 2026

KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council

Special Schedules

for the year ended 30 June 2026

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Kiama Municipal Council

Permissible income for general rates

$ '000	Notes	Calculation 2025/26	**Calculation 2026/27**
Notional general income calculation [1]			
Last year notional general income yield	a	21,840	**22,719**
Plus or minus adjustments [2]	b	74	**34**
Notional general income	c = a + b	**21,914**	**22,753**
Permissible income calculation			
Percentage increase	d	3.70%	**3.20%**
Plus percentage increase amount [3]	f = d x (c + e)	811	**728**
Sub-total	g = (c + e + f)	**22,725**	**23,481**
Plus (or minus) last year's carry forward total	h	2	**2**
Less valuation objections claimed in the previous year	i	(6)	**–**
Sub-total	j = (h + i)	**(4)**	**2**
Total permissible income	o = k + n	22,721	**23,483**
Less notional general income yield	l	22,719	**23,477**
Catch-up or (excess) result	m = k – l	2	**6**
Plus income lost due to valuation objections claimed [4]	n	–	**–**
Carry forward to next year [6]	p = m + n + o	2	**6**

Notes

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.

(3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).

(4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.

(6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Kiama Municipal Council

To the Councillors of Kiama Municipal Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the schedule) of Kiama Municipal Council (the council) for the year ending 30 June 2027.

In my opinion, the schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2025–26 (LG Code) and is in accordance with the books and records of the council.

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the schedule' section of my report.

I am independent of the council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of matter - basis of accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the schedule. The schedule has been prepared for the purpose of fulfilling the council's reporting obligations under the LG Code. As a result, the schedule may not be suitable for another purpose.

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule - Report on infrastructure assets as at 30 June 2026.

My opinion on the schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' responsibilities for the schedule

The Councillors are responsible for the preparation of the schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the schedule

My objectives are to:

- obtain reasonable assurance whether the schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the schedule.

A description of my responsibilities for the audit of the schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the schedule.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 October 2026
SYDNEY

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard $ '000	Estimated cost to bring to the agreed level of service set by Council $ '000	2025/26 Required maintenance [a] $ '000	2025/26 Actual maintenance $ '000	Net carrying amount $ '000	Gross replacement cost (GRC) $ '000	Asset condition as a percentage of gross replacement cost 1	2	3	4	5
Buildings	Buildings	2,795	2,795	2,690	2,690	110,012	159,754	50.0%	42.0%	4.0%	4.0%	0.0%
	Sub-total	**2,795**	**2,795**	**2,690**	**2,690**	**110,012**	**159,754**	**50.0%**	**42.0%**	**4.0%**	**4.0%**	**0.0%**
Other structures	Other structures	235	235	445	445	29,306	48,372	50.0%	29.0%	16.0%	4.0%	1.0%
	Sub-total	**235**	**235**	**445**	**445**	**29,306**	**48,372**	**50.0%**	**29.0%**	**16.0%**	**4.0%**	**1.0%**
Roads	Roads	4,332	4,332	1,687	1,687	108,423	203,099	27.0%	50.0%	15.0%	4.0%	4.0%
	Bridges	288	288	–	–	40,083	69,681	25.0%	40.0%	28.0%	7.0%	0.0%
	Footpaths	121	121	104	104	10,279	17,473	24.0%	44.0%	31.0%	1.0%	0.0%
	Bulk earthworks	–	–	–	–	22,547	22,547	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	**4,741**	**4,741**	**1,791**	**1,791**	**181,332**	**312,800**	**24.4%**	**43.8%**	**17.7%**	**4.2%**	**9.9%**
Stormwater drainage	Stormwater drainage	402	402	429	429	55,056	88,852	30.0%	58.0%	10.0%	1.0%	1.0%
	Sub-total	**402**	**402**	**429**	**429**	**55,056**	**88,852**	**30.0%**	**58.0%**	**10.0%**	**1.0%**	**1.0%**
Open space / recreational assets	Swimming pools	–	–	680	680	3,345	5,599	71.0%	29.0%	0.0%	0.0%	0.0%
	Recreation	1,387	1,387	2,149	2,149	11,623	16,937	75.0%	13.0%	11.0%	1.0%	0.0%
	Sub-total	**1,387**	**1,387**	**2,829**	**2,829**	**14,968**	**22,536**	**74.0%**	**17.0%**	**8.3%**	**0.8%**	**0.0%**
	Total – all assets	**9,560**	**9,560**	**8,184**	**8,184**	**390,674**	**632,314**	**35.4%**	**43.3%**	**12.7%**	**3.6%**	**5.0%**

[a] Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	**Excellent/very good**	No work required (normal maintenance)
2	**Good**	Only minor maintenance work required
3	**Satisfactory**	Maintenance work required
4	**Poor**	Renewal required
5	**Very poor**	Urgent renewal/upgrading required

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2026	Indicator 2026	Indicator 2025	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals [1, 2]	10,543	140.84%	264.72%	> 100.00%
Depreciation, amortisation and impairment	7,486			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	9,560	2.30%	2.39%	< 2.00%
Net carrying amount of infrastructure assets	415,254			
Asset maintenance ratio				
Actual asset maintenance	8,184	100.00%	100.00%	> 100.00%
Required asset maintenance	8,184			

(*) All asset performance indicators are calculated using classes identified in the previous table.

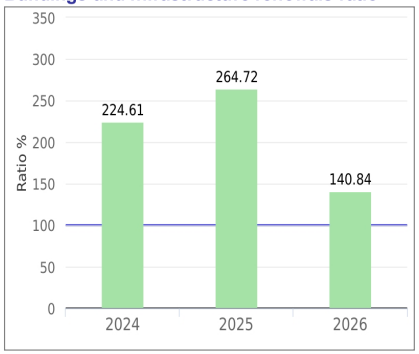
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) The balance of Infrastructure Property Plant and Equipment as at 30 June 2022 and as at 30 June 2021 could not be fully verified by management.

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio	Commentary on result
	25/26 ratio 140.84%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	The buildings and infrastructure renewals ratio remained well above the benchmark in 2025/26. Council's focus on delivering grant-funded capital projects during the year contributed to a lower level of asset renewal expenditure, while the ratio continued to exceed the benchmark.

Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	25/26 ratio 100.00%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council maintains its commitment to asset maintenance, supporting satisfactory asset conditions and service levels. The asset maintenance ratio remains on benchmark.

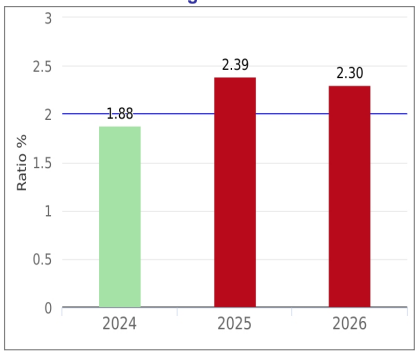
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio	Commentary on result
	25/26 ratio 2.30%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	The infrastructure backlog ratio remained above the benchmark in 2025/26. Council continued to manage its backlog assets despite reducing the funding allocated to these assets during the year.

Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (by fund)

$ '000	General fund 2026	General fund 2025	Benchmark
Buildings and infrastructure renewals ratio			
Asset renewals [1] / Depreciation, amortisation and impairment	**140.84%**	264.72%	> 100.00%
Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard / Net carrying amount of infrastructure assets	**2.30%**	2.39%	< 2.00%
Asset maintenance ratio			
Actual asset maintenance / Required asset maintenance	**100.00%**	100.00%	> 100.00%
Cost to bring assets to agreed service level			
Estimated cost to bring assets to an agreed service level set by Council / Gross replacement cost	**1.51%**	1.56%	

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.