

ORDINARY MEETING OF COUNCIL SUPPLEMENTARY ITEMS

To be held at 5.00pm on

Tuesday 16 April 2024

Council Chambers 11 Manning Street, KIAMA NSW 2533

The financial statements attached to this business paper have been updated at 4pm on 16 April 2024 after receiving feedback from the NSW Audit Office Technical Issues Committee meeting held today.

Members

Mayor Councillor N Reilly Deputy Mayor Councillor I Draisma Councillor M Brown Councillor M Croxford Councillor J Keast Councillor S Larkins Councillor K Renkema-Lang Councillor K Rice Councillor W Steel

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16 APRIL 2024

18 LATE ITEMS

18.1 2022-23 Annual Financial Statements

- CSP Objective: Outcome 12: Public funds and assets are managed strategically, transparently and efficiently
- CSP Strategy: 12.1 Manage Public Funds in accordance with Financial Management Standards and the Local Government Act

Delivery Program: 12.1.1 Improved financial reporting and legislative compliance through reporting, scrutiny and oversight processes.

Summary

To advise Council that the preparation of the Annual Financial Statements for the year ended 30 June 2023 has been completed and have been considered by Council's Audit, Risk and Improvement Committee on 2 April 2024.

Financial implication

There are no financial implications because of this report, as this report is simply endorsing the 2022-23 Financial Statements and authorising the Statement by Councillors and Management to be signed.

Risk implication

Not applicable.

Policy

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

The 2022-23 Annual Financial Statements have been prepared in accordance with:

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

Consultation (internal)

Audit Risk and Improvement Committee

Communication/Community engagement

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

Attachments

1 2022-23 Annual Financial Statements

18.1 2022-23 Annual Financial Statements (cont)

Enclosures

Nil

RECOMMENDATION

That Council:

- 1. authorises the Statement by Councillors and Management be signed by the Chief Executive Officer, the Responsible Accounting Officer, the Mayor and a Councillor as required by the Local Government Act 1993.
- resolves to fund \$5 million of landslide repair works (funded under Disaster Recovery Funding Agreement - DRFA) incurred up to 30 June 2023 from internal property reserve as presented in Note C1-3 of 2022-23 General Purpose Financial Statements. This temporary funding arrangement to cease upon receipt of DRFA funds from Transport for NSW (occurred in December 2023).
- 3. notes the financial result for the year ending 30 June 2023.
- 4. notes the governance role played by Council's Audit, Risk and Improvement Committee in overseeing the preparation and finalisation of the audited 2022-23 financial statements.

Background

This report is to advise Council that the 2022-23 Annual Financial Statements have been completed and endorsed by Council's Audit, Risk and Improvement Committee at its meeting held on 2 April 2024. A copy of the financial statements is attached to this report.

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

These financial reports include:

- General purpose financial statements
- Special purpose financial statements
- Special schedules (not audited except for Special Schedule 2 Permissible Income Calculation)

The financial reports are prepared by Council Officers in accordance with the Local Government Act 1993 and associated regulations, the Australian Accounting Standards, and the Local Government Code of Accounting Practice.

As part of this process, Council is required to present a statement on its opinion on the reports. A copy of the statements required are contained on page 3 of the General Purpose Financial Statements and page 3 of the Special Purpose Financial Statements and must be signed by the Mayor, a Councillor, the Chief Executive Officer and the Responsible Accounting Officer. It is recommended that the Deputy Mayor,

18.1 2022-23 Annual Financial Statements (cont)

Councillor Draisma, sign the financial statements as the accompanying Councillor in addition to the Mayor.

Overview of 2022-23 Financial Statements

Councillors are well aware of the Audit Office of NSW's disclaimer of opinion on the 2020-21 and 2021-22 financial statements and the recent audit of the 2022-23 financial statements has provided further opportunity to make progress towards obtaining an unmodified audit opinion.

The key areas from 2022 were:

- fixed asset (re) valuations
- > reserve balances and negative unrestricted cash balance

The 2022-23 financial statements demonstrate further substantial improvements in the accuracy of financial records and financial reporting controls with no new issues raised by auditors.

Council also continues to progress towards accurate and complete financial reporting on fixed assets. This progress has been achieved by gradually reducing the balance of Infrastructure Plant and Equipment (IPE) that could not be verified by auditors.

A comprehensive revaluation of major asset classes was performed for the purpose of 2022-23 financial statements:

| Community land | 109,954 |
|-------------------------------------|---------|
| - Bridges | 39,012 |
| - Bulk earthworks (non-depreciable) | 24,345 |
| - Footpaths | 9,498 |
| - Roads | 105,527 |
| Total 2022-23 revalued: | 288,336 |

Net Carrying value (\$'000)

In addition, management conducted a fair value assessment for asset classes previously revalued, such as buildings and operational land, and processed indexation to accurately reflect fair value movements during the 2022-23 financial year, as required by AASB standards.

As a result of these efforts, as of the conclusion of the 2022-23 financial year, 90% of the total Infrastructure, Property, and Equipment balance has been verified and audited, amounting to \$526M out of a total of \$585M. 10% of Property, and Equipment balance is yet to be verified.

Furthermore, another significant concern highlighted by the Audit Office in prior financial statements regarding Restricted and Allocated cash was partially addressed. Management was able to provide sufficient audit evidence to support all movements

18.1 2022-23 Annual Financial Statements (cont)

for 2022-23 financial year. However, due to prior year issue with the opening balances (previously disclaimed) two external reserves: Domestic Waste and Crown Land Reserve balances could not be fully verified. Management will continue working on this matter in preparation for 2023-24 financial statements.

With the exception of two matters noted above, the attached financial statements present fairly the Council's operating result and financial position for the year; accord with Council's accounting and other records and have been prepared in accordance with:

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

Financial performance summary

Council's net operating result before capital grants and contributions indicates a surplus of \$260K. However, after adjusting for one-off gain on sale of assets, the bottom line is a loss of \$7.7M, which is \$2.4M improvement comparing to the adjusted results from the previous financial year (a loss of \$10M).

In order to arrive at operating results, one-off items were excluded such as fair value movement for investment properties and gain/loss on sale of assets. The adjusted results represent true ongoing net cost of Council operations.

The main contributing fact to the improved financial results is an increase in investment revenue by \$1.5M due to higher interest rates and more effective management of investment portfolio and slight increases in rates, annual charges and grants (\$2.4M total). \$3.9M increase in ordinary income was partially offset by \$1.5M increase in expenses.

| \$'000 | 2023 | 2022 Restated | Movement: fav/(unfav) | % |
|--|--------|------------------|--------------------------|-------|
| Income from continuing operations | | | | |
| Rates and annual charges | 26,469 | 25,764 | 705 | 3% |
| User charges and fees | 23,224 | 22,636 | 588 | 3% |
| Other revenues | 6,367 | 6,108 | 259 | 4% |
| Grants and contributions provided for operating purposes | 17,718 | 16,872 | 846 | 5% |
| Grants and contributions provided for capital purposes | 3,539 | 2,894 | 645 | 22% |
| Interest and investment income | 1,859 | 289 | 1,570 | 543% |
| Other income | - | 2,144 | - 2,144 | -100% |
| Net gain from the disposal of assets | 7,835 | - | 7,835 | 100% |
| Total income | 87,011 | 76,707 | 10,304 | 13% |
| Expenses from continuing operatio | ns | | | |
| Employee benefits and on-costs | 35,638 | 35,729 | 91 | 0% |
| Materials and services | 34,047 | 31,224 | - 2,823 | -9% |
| Borrowing costs | 1,264 | 1,510 | 246 | 16% |
| Depreciation | 11,253 | 11,815 | 562 | 5% |

Income Statement including adjusted results is presented below:

18.1 2022-23 Annual Financial Statements (cont)

| \$'000 | 2023 | 2022 Restated | Movement: fav/(unfav) | % |
|--|---------|------------------|--------------------------|------|
| Other expenses | 1,010 | 1,402 | 392 | 28% |
| Net loss from the disposal of assets | - | 20,550 | 20,550 | 100% |
| Total expenses | 83,212 | 102,230 | 19,018 | 19% |
| Operating result | 3,799 | - 25,523 | 29,322 | |
| Net operating result before capital grants and contributions | 260 | - 28,417 | 28,677 | |
| Adjustments for significant one-off iter | ns: | | | |
| Exclude fair value movements and gain/loss on disposals - LOSS | - 7,575 | - 10,011 | 2,436 | 24% |

Please note that during revaluation of property plant and equipment and investment property, management has identified prior period errors. As such, the prior year balances were restated. The nature of these errors and financial impact is disclosed in Note F4-1 of General Purpose Financial Statements, page 59-60.

Cash and investments balance decreased to \$46.9M, compared to \$53.8M as of 30 June 2022. This decrease is mainly due to the net impact of loan repayments of \$30.9M, proceeds from sale of assets (mainly Akuna Street) of \$28.4M and other net cash outflows.

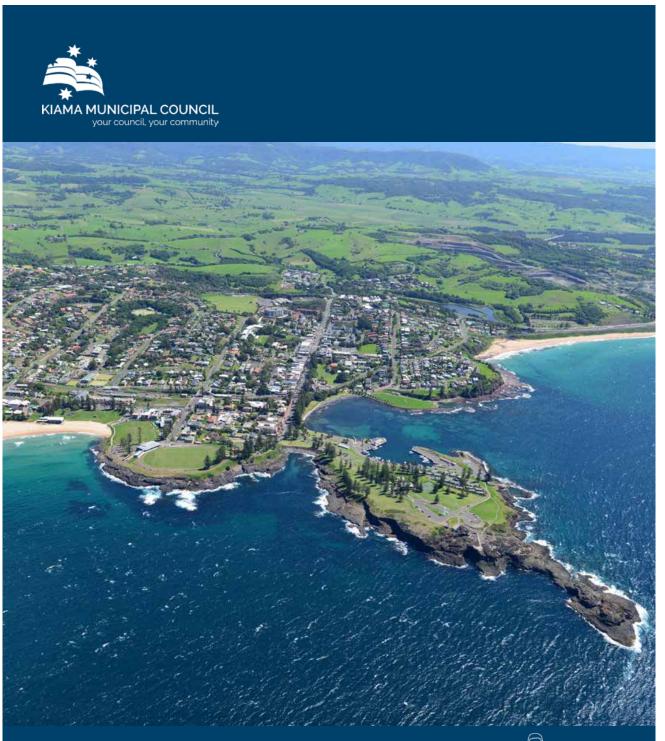
As at 30 June 2023 Council's unrestricted cash balance is \$2M. However, Council has spent just over \$5M on landslide repair emergency works and as at 30 June 2023, Transport for NSW has not reimbursed Council for these works under Disaster Recovery Funding Agreement – DRFA. The balance would otherwise be higher. Council has received payments subsequently in 2023-24 financial year as reported in monthly Investment reports to Council.

Due to timing of funding, it is recommended for Council to fund \$5 million of landslide repair works incurred up to 30 June 2023 from internal property reserve as presented in Note C1-3 of 2022-23 General Purpose Financial Statements. This temporary funding arrangement to cease upon receipt of DRFA funds from Transport for NSW (occurred in December 2023).

Please refer to the attached 2022-23 Annual Financial Statements for details.

Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) reviewed and endorsed draft Financial Statements on 2 April 2024. Michael Kharzoo, Director – Financial Audit of the Audit Office NSW attended the meeting and provided updates on progress of the audit to ARIC members.



General Purpose Financial Statements for the year ended 30 June 2023



General Purpose Financial Statements for the year ended 30 June 2023

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Item 18.1

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General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

Infrastructure, property, plant and equipment

As disclosed in Note C1-8, the Council recorded infrastructure property, plant and equipment (IPPE) balances of \$585.4 million at 30 June 2023 (\$547.8 million in 2022).

The Council conducted comprehensive revaluations during the 2022-23 financial year. Councillors and Management are able to support the completeness, accuracy and valuation of \$526.8 million of the \$585.4 million IPPE balance within the Statement of Financial Position at 30 June 2023.

However, Councillors and Management were unable to support the completeness, accuracy and valuation of \$58.6 million of assets recorded within land under roads, land improvements (non-depreciable and depreciable), other structures, stormwater damage, swimming pools, open space and recreational assets, library books and other assets within IPPE in the Statement of Financial Position as at 30 June 2023.

Councillors and Management could not support the completeness, accuracy and valuation of IPPE (excluding buildings and operational land) with a total net carrying value of \$351.4 million recognised in the Statement of Financial Position as at 30 June 2022. Councillors and Management are unable to verify the movement of IPPE balances (excluding buildings and operational land) recognised in the Income Statement and the Statement of Comprehensive Income for the year ended 30 June 2023.

These matters also impact depreciation expense in Note B3-4, the net gain/(loss) from the disposal of assets in Note B4-1, the gain/(loss) on revaluation of IPPE in Note C1-8 and the operating performance ratio in Note F6-1.

Restricted and allocated cash, cash equivalents and investments

Council disclosed \$34.7 million of externally restricted cash in Note C1-3 'Restricted and allocated cash, cash equivalents and investments' at 30 June 2023. Councillors and Management are unable to attest to the completeness and accuracy of the \$6.9 million that Council has designated as externally restricted at 30 June 2023 with respect to holiday parks (Crown Land) and domestic waste management funds. This issue also impacts the reliability of the completeness and accuracy of the 'Unrestricted current' ratio disclosure in Note F6-1.

continued on next page ...

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General Purpose Financial Statements

for the year ended 30 June 2023

Apart from the issues noted above, the attached general-purpose financial statements have been prepared in accordance with:

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

Apart from the issues noted above 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 other matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 16 April 2024.

Neil Reilly Mayor 16 April 2024

Imogen Draisma Deputy Mayor 16 April 2024

Jane Stroud Chief Executive Officer 16 April 2024 Olena Tulubinska Responsible Accounting Officer 16 April 2024

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Kiama Municipal Council | Income Statement | for the year ended 30 June 2023

Kiama Municipal Council

Income Statement

for the year ended 30 June 2023

| Original naudited budget | | | Actual | Restated Actua |
|--------------------------------|---|-------|--------|-------------------|
| 2023 | \$ '000 | Notes | 2023 | 2022 |
| | Income from continuing operations | | | |
| 26,919 | Rates and annual charges | B2-1 | 26,469 | 25,764 |
| 22,305 | User charges and fees | B2-2 | 23,224 | 22,63 |
| 7,235 | Other revenues | B2-3 | 6,367 | 6,10 |
| 16,717 | Grants and contributions provided for operating purposes | B2-4 | 17,718 | 16,87 |
| 6,196 | Grants and contributions provided for capital purposes | B2-4 | 3,539 | 2,894 |
| 741 | Interest and investment income | B2-5 | 1,859 | 289 |
| _ | Other income | B2-6 | - | 2,14 |
| 14,410 | Net gain from the disposal of assets | B4-1 | 7,835 | |
| 94,523 | Total income from continuing operations | | 87,011 | 76,70 |
| | Expenses from continuing operations | | | |
| 38,340 | Employee benefits and on-costs | B3-1 | 35,638 | 35,72 |
| 33,031 | Materials and services | B3-2 | 34,047 | 31,22 |
| 1,826 | Borrowing costs | B3-3 | 1,264 | 1,51 |
| 11,186 | Depreciation, amortisation and impairment of non-financial assets | B3-4 | 11,253 | 11,81 |
| 1,202 | Other expenses | B3-5 | 1,010 | 1,40 |
| - | Net loss from the disposal of assets | B4-1 | - | 20,55 |
| 85,585 | Total expenses from continuing operations | | 83,212 | 102,23 |
| 8,938 | Operating result from continuing operations | | 3,799 | (25,523 |
| 8,938 | Net operating result for the year attributable to Co | uncil | 3,799 | (25,523 |

| 2,741 | Net operating result for the year before grants and contributions provided for capital purposes | 260 | (28,417) |
|-------|---|-----|----------|
| 2,741 | provided for capital purposes | 260 | (28,417) |

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

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Kiama Municipal Council | Statement of Comprehensive Income | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Comprehensive Income

for the year ended 30 June 2023

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|--------|----------|
| Net operating result for the year – from Income Statement | | 3,799 | (25,523) |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain / (loss) on revaluation of infrastructure, property, plant and equipment | C1-8 | 42,940 | 73,874 |
| Total items which will not be reclassified subsequently to the operating | | | |
| result | | 42,940 | 73,874 |
| Total other comprehensive income for the year | _ | 42,940 | 73,874 |
| Total comprehensive income for the year attributable to Council | | 46,739 | 48,351 |

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

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Kiama Municipal Council | Statement of Financial Position | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Financial Position

as at 30 June 2023

| | | | Restated | Restated |
|---|--------------|----------------|----------|----------|
| \$ '000 | Notes | 2023 | 2022 | 2021 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | C1-1 | 43,058 | 15,224 | 15,429 |
| Investments | C1-2 | 3,087 | 31,587 | 22,214 |
| Receivables | C1-4 | 3,618 | 2,587 | 3,233 |
| Inventories | C1-5 | 307 | 302 | 246 |
| Contract assets and contract cost assets | C1-6 | 871 | 216 | 1,218 |
| Current assets classified as held for sale | C1-7 | 5,461 | 20,178 | 3,752 |
| Prepayments | | 580 | 111 | |
| Total current assets | | 56,982 | 70,205 | 46,092 |
| N | | | | |
| Non-current assets | C1-2 | 750 | 7 000 | 0.044 |
| | C1-2 C1-4 | 750 | 7,000 | 9,014 |
| Receivables | | 197 | 191 | 233 |
| Infrastructure, property, plant and equipment (IPPE) | C1-8 C1-9 | 585,368 | 547,753 | 509,667 |
| Investment property Right of use assets | 01-9 | 124,950 121 | 124,950 | 126,938 |
| Total non-current assets | | | 121 | 168 |
| Total non-current assets | | 711,386 | 680,015 | 646,020 |
| Total assets | | 768,368 | 750,220 | 692,112 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | C2-1 | 139,953 | 139,339 | 128,454 |
| Contract liabilities | C2-2 | 7,017 | 3.719 | 3,931 |
| Lease liabilities | 02.2 | 36 | 36 | 99 |
| Borrowings | C2-3 | 801 | 1,000 | 1,219 |
| Employee benefit provisions | C2-4 | 6,741 | 7,966 | 7,404 |
| Total current liabilities | | 154,548 | 152,060 | 141,107 |
| | | | | |
| Non-current liabilities | C2-1 | | | 07 |
| Payables Lease liabilities | 62-1 | 6 | - 6 | 27 78 |
| | C2-3 | - | - | |
| Borrowings | C2-3 C2-4 | 20,494 | 51,427 | 52,520 |
| Employee benefit provisions Total non-current liabilities | 02-4 | 618 | 52 107 | 52 202 |
| rotal non-current nasinties | | 21,118 | 52,197 | 53,393 |
| Total liabilities | | 175,666 | 204,257 | 194,500 |
| Net assets | | 592,702 | 545,963 | 497,612 |
| EQUITY | | | | |
| Accumulated surplus | | 173,722 | 169,923 | 195,446 |
| IPPE revaluation reserve | C3-1 | 418,980 | 376,040 | 302,166 |
| Council equity interest | | 592,702 | 545,963 | 497,612 |
| | | 552,102 | 040,000 | 401,012 |
| Total equity | | 592,702 | 545,963 | 497,612 |
| | | | | |

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

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Statement of Changes in Equity for the year ended 30 June 2023

| | | | 2023 | | | 2022 | |
|---|-------|-------------|-------------|----------|-------------|-------------|----------|
| | | | IPPE | | | IPPE | |
| | | Accumulated | revaluation | Total | Accumulated | revaluation | Total |
| | | surplus | reserve | equity | surplus | reserve | equity |
| 000.\$ | Notes | | | | Restated | Restated | Restated |
| Opening balance at 1 July | | 187,229 | 376,040 | 563,269 | 205,928 | 302,166 | 508,094 |
| Correction of prior period errors | F4-1 | (17,306) | ı | (17,306) | (10,482) | I | (10,482) |
| Restated opening balance | | 169,923 | 376,040 | 545,963 | 195,446 | 302,166 | 497,612 |
| Net operating result for the year | | 3,799 | I | 3,799 | (18,699) | I | (18,699) |
| Correction of prior period errors | F4-1 | I | I | I | (6,824) | I | (6,824) |
| Restated net operating result for the period | | 3,799 | I | 3,799 | (25,523) | I | (25,523) |
| Other comprehensive income Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-8 | 1 | 42,940 | 42,940 | I | 73,874 | 73,874 |
| Other comprehensive income | | 1 | 42,940 | 42,940 | I | 73,874 | 73,874 |
| Total comprehensive income | | 3,799 | 42,940 | 46,739 | (25,523) | 73,874 | 48,351 |
| Closing balance at 30 June | | 173,722 | 418,980 | 592,702 | 169,923 | 376,040 | 545,963 |

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

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Kiama Municipal Council | Statement of Cash Flows | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Cash Flows

for the year ended 30 June 2023

| 2023 \$ '000 Notes 2023 2 Cash flows from operating activities Receipts: 26,358 25 26,929 Rates and annual charges 26,358 25 22,296 User charges and fees 25,862 23 663 Interest received 1,047 23,016 Grants and contributions 23,915 22 - Bonds, deposits and retentions received 69 3,757 Other 2,073 3 - Payments: - 2,073 3 - (38,353) Payments to employees (37,124) (34, (34, (34, (34, (34, (34, (34, (34, | Original unaudited budget | | | Actual | Actua |
|---|---------------------------------|--|----------|----------|-------------|
| Cash flows from operating activities Receipts:26,929Rates and annual charges26,3582522,260User charges and fees25,86223663Interest received1,04723,016Grants and contributions23,91522–Bonds, deposits and retentions received693,757Other2,0733Payments(37,124)(34,(38,353)Payments for materials and services(38,284)(34,359)Net cash flows from operating activities(1,338)(4,23)Other(883)(1(423)Other(883)(1(423)Other(883)(1(423)Other(883)(1(423)Other(883)(1(423)Other(883)(1(1,528)Receipts:28,408Payments:Purchase of investimentsAcquisition of term depositsAcquisition of term depositsAcquisition of term deposits(11,772)(9,4,225Net cash flows from investing activities51,386(16,2)-Acquisition of term financing activities(24,747)13, <t< th=""><th>0</th><th>\$ '000</th><th>Notes</th><th></th><th>202</th></t<> | 0 | \$ '000 | Notes | | 202 |
| Receipts:26,929Rates and annual charges26,3582522,296User charges and fees25,86223663Interest received1,04723,91522-Bonds, deposits and retentions received693,7570ther2,07333Payments:2,0733320,07333Payments to employees $(37,124)$ $(34, (34, (34, (34, (34, (34, (34, (34, $ | | | | | |
| 26,929Rates and annual charges $26,358$ 25 $22,296$ User charges and fees $25,862$ 23 663 Interest received $1,047$ $23,016$ Grants and contributions $23,915$ 22 $-$ Bonds, deposits and retentions received 69 $3,757$ Other $2,073$ 3 Payments: $2,073$ 3 $Payments:$ $(31,620)$ $(34,244)$ $(31,660)$ Payments for materials and services $(38,284)$ $(4,1,866)$ Borrowing costs $(1,638)$ $(1,636)$ Other (883) $(4,359)$ Net cash flows from operating activitiesReceipts:Receipts: $-$ Redemption of term deposits $23,382$ Proceeds from sale of IPPE $28,408$ $Payments:$ $-$ Acquisition of term deposits $ -$ Acquisition of term deposits $ -$ Acquisition of term deposits $ -$ | | | | | |
| 22,296User charges and fees25,86223663Interest received1,04723,016Grants and contributions23,9152Bonds, deposits and retentions received693,777Other2,073Payments:(36,353)(38,353)Payments to employees(37,124)(34,1866)Borrowing costs(1,838)(1,1866)Borrowing costs(1,838)(1,1866)Borrowing costs(1,838)(4,23)Other(883)(4,359)Net cash flows from operating activitiesReceipts:Receipts:-Redemption of term deposits23,382Proceeds from sale of IPPE23,382Proceeds from sale of IPPE-Acquisition of term depositsAcquisition of term deposits | | | | | 05.00 |
| 663Interest received1,04723,016Grants and contributions23,91522-Bonds, deposits and retentions received693,757Other2,0733Payments:2,0733(38,353)Payments for materials and services(38,284)(34,(1,866)Borrowing costs(1,838)(1,(423)Other(883)(2(4,359)Net cash flows from operating activitiesF1-11,195Receipts:-Receipts:-Redemption of term deposits34,75023,382Proceeds from sale of IPPE28,408Payments:-(11,772)-Purchase of investmentsPurchase of investmentsAcquisition of term depositsReceipts:(11,772)(19,157)Payments from investing activitiesReceipts:Cash flows from financing activitiesReceipts:Proceeds from retirement villages and residential aged care bonds-Principal component of lease payments2,824Net cash flows from financing activities2,824Net cash flows from financing activities </td <td>,</td> <td></td> <td></td> <td>,</td> <td>25,99</td> | , | | | , | 25,99 |
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| 30,701Cash and cash equivalents at end of yearC1-143,05815,137,619plus: Investments on hand at end of yearC1-23,83738 | 19 293 | Cash and cash equivalents at beginning of year | | 15.224 | 15,42 |
| 37,619 plus: Investments on hand at end of year C1-2 3,837 38 | | | C1-1 | | 15,22 |
| | | , , | | | .0,22 |
| | 37,619 | plus: Investments on hand at end of year | C1-2 | 3,837 | 38,58 |
| $n x_{1211}$ Tutai Gash. Gash eugivalents and investments 46.895 53 | 68,320 | Total cash, cash equivalents and investments | | 46,895 | 53,81 |

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 16 April 2024. 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 principal accounting policies adopted in the preparation of 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 C1-9

ii. estimated fair values of infrastructure, property, plant and equipment - refer Note C1-8

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) Revenue recognition (AASB 15 and AASB 1058)

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

continued on next page ...

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A1-1 Basis of preparation (continued)

Blue Haven Aged Care and Retirement Village operations

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council has not accounted for the volunteer services received in the income statement on the basis that the volunteer services were not material, not be purchased if not donated or could not be reliably measured during the reporting year.

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 2023 reporting period.

As at the date of authorisation of these financial statements Council does not consider that any of new interpretations have a material impact on Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

For this period, no new standards had been introduced and hence there was no significant impact on Council's reported position or performance.

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- B Financial Performance
- B1 Functions or activities

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

| sets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2. |
|--|
| en direc |

| | Income | | Expenses | es | Operating result | result | Grants and cor | ntributions | Carrying amour | it of assets |
|---------------------------------------|--------|--------|----------|---------|------------------|----------|------------------|-------------|------------------|--------------|
| 000. \$ | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 2022 | 2022 | 2023 2022 | 2022 |
| Functions or activities | | | | | | | | | | |
| Offlice of Chief Executive Offlicer | 1,247 | 838 | 4,421 | 3,272 | (3,174) | (2,434) | 217 | 200 | ı | I |
| Office of Chief Operating Officer | 56,260 | 49,207 | 47,295 | 62,435 | 8,965 | (13,228) | 16,069 | 16,927 | 62,511 | 70,187 |
| Planning, Environment and Communities | 24,032 | 18,589 | 23,906 | 19,855 | 126 | (1,266) | 3,612 | 556 | 110,203 | 85,703 |
| Infrastructure and Liveability | 5,472 | 8,073 | 7,590 | 16,668 | (2,118) | (8,595) | 1,359 | 2,083 | 595,654 | 594,330 |
| Total functions and activities | 87,011 | 76,707 | 83,212 | 102,230 | 3,799 | (25,523) | 21,257 | 19,766 | 768,368 | 750,220 |

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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 and tourism.

Office of Chief Operating Officer

Corporate and other support services, human resources, finance, information technology, governance, member services, risk management, aged care and retirement village operations.

Planning, Environment 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, youth services, family history centre, public libraries other community services.

Infrastructure and Liveability

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, holiday and caravan parks, real estate development, indoor sports complex, leisure centre, 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.

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B2 Sources of income

```
B2-1 Rates and annual charges
```

| \$ '000 | 2023 | 2022 |
|--|--------|--------|
| Ordinary rates | | |
| Residential | 17,430 | 16,950 |
| Business | 1,543 | 1,509 |
| Farmland | 741 | 722 |
| Less: pensioner rebates (Council policy) | (30) | (30) |
| Less: pensioner rebates (mandatory) | (309) | (314) |
| Rates levied to ratepayers | 19,375 | 18,837 |
| Pensioner rate subsidies received | 170 | 173 |
| Total ordinary rates | 19,545 | 19,010 |
| Annual charges (pursuant to s496, 496A, 496B, 501 & 611) | | |
| Domestic waste management services | 6,508 | 6,348 |
| Commercial waste management services | 250 | 243 |
| Stormwater management services | 228 | 226 |
| Less: pensioner rebates (Council policy) | (11) | (11) |
| Less: pensioner rebates (mandatory) | (113) | (116) |
| Annual charges levied | 6,862 | 6,690 |
| Pensioner annual charges subsidies received: | | |
| Domestic waste management | 62 | 64 |
| Total annual charges | 6,924 | 6,754 |
| Total rates and annual charges | 26,469 | 25,764 |

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates and 2.5% rates increase.

Accounting policy

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 | 2023 | 2022 |
|--|--------|--------|
| User charges | | |
| Domestic waste management services | 545 | 705 |
| Contract plant and truck hire | 1,454 | 1,700 |
| Waste management services (non-domestic) | 24 | 6 |
| Total user charges | 2,023 | 2,411 |
| Other user charges and fees | | |
| Planning and building regulation | 683 | 763 |
| Building services – other | 134 | 278 |
| Registration fees | 76 | 99 |
| Inspection services | 31 | 55 |
| Section 603 certificates | 39 | 42 |
| Holiday parks | 11,129 | 10,340 |
| Blue Haven aged care | 4,983 | 5,503 |
| Leisure centre | 2,390 | 1,588 |
| Council properties | 947 | 743 |
| Public cemeteries | 371 | 382 |
| Waste disposal tipping fees | 123 | 140 |
| Engineering services | 93 | 121 |
| Saddleback mountain tower | 97 | 88 |
| Blue Haven care – in home support packages | 24 | 26 |
| Cemeteries | 7 | 6 |
| Library and family history centre | 9 | 5 |
| Footpath Dining | - | 1 |
| Other | 65 | 45 |
| Total other user charges and fees | 21,201 | 20,225 |
| Total user charges and fees | 23,224 | 22,636 |

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 14 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

| \$ '000 | 2023 | 2022 |
|---|-------|-------|
| Deferred payment liabilities amortisation | 4,344 | 4,555 |
| Visitor Information Centre | 348 | 369 |
| Motor vehicle leaseback | 194 | 221 |
| Fines – other | 120 | 207 |
| Recycling income (non-domestic) | 141 | 145 |
| Insurance claims recoveries | 92 | 111 |
| Section 88 rebate | - | 78 |
| Diesel fuel rebate | 60 | 53 |
| Legal Settlements | 57 | 25 |
| Rental income | 347 | 288 |
| Commissions and agency fees | 4 | 11 |
| Return & Earn | 10 | 11 |
| Other | 429 | 128 |
| Workers Compensation Rebate | 106 | _ |
| Sales – general | 115 | (94) |
| Total other revenue | 6,367 | 6,108 |

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Rental income is accounted for on a straight-line basis over the lease term.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

| \$ '000 | Operating 2023 | Operating 2022 | Capital 2023 | Capital 2022 |
|--|-------------------|-------------------|-----------------|-----------------|
| General purpose grants and non-developer | | | | |
| contributions (untied) | | | | |
| Current year allocation | | | | |
| Financial assistance | 559 | 950 | - | - |
| Payment in advance - future year allocation | | | | |
| Financial assistance | 2,159 | 1,460 | | - |
| Amount recognised as income during current year | 2,718 | 2,410 | | _ |
| Special purpose grants and non-developer | | | | |
| contributions (tied) | | | | |
| Cash contributions | | 10 00 | | |
| Residential Aged Care and Home Care Funding (HCP) | 11,161 | 10,733 | - | - |
| Commonwealth Home Support Program (CHSP) | 1,190 | 1,250 | - | - |
| Transport for NSW contributions (regional roads, block grant) | 1,163 | 647 | - | - |
| Transport (roads to recovery) | 305 | 323 | - | - |
| Community transport | 324 | 295 | - | - |
| Bushfire and emergency services | 131 | 253 | - | - |
| Tourism | 193 | 200 | - | 221 |
| | 115 | 119 | _ | 85 |
| Youth opportunities | 81 | 87 | (4) | - |
| Road safety program | 43 | 48 | 166 | - |
| Environmental programs | 17 | 36 | - | - |
| LIRS subsidy | 10 | 32 | - | _ |
| Cultural development Recreation and culture | 53 | 53 | - | - |
| | - | - | 649 | 909 |
| Other specific grants | 122 | 386 | (128) | - |
| Transport (other roads and bridges funding) Showground Stimulus Funding | 92 | - | 786 | 875 |
| Stronger Countries Community Fund | - | - | 102 | - |
| | - | - | 912 | _ |
| Flood Study Total special purpose grants and non-developer | | | 65 | - |
| contributions (tied) | 15,000 | 14,462 | 2,548 | 2,090 |
| Total grants and non-developer contributions | 17,718 | 16,872 | 2,548 | 2,090 |
| | , | | | 2,000 |
| Comprising: | | | | |
| Commonwealth funding | 13,019 | 11,802 | 366 | 415 |
| – State funding | 4,670 | 5,036 | 2,182 | 1,675 |
| – Other funding | 29 | 34 | | _ |
| | 17,718 | 16,872 | 2,548 | 2,090 |

Developer contributions

| Notes | Operating 2023 | Operating 2022 | Capital 2023 | Capital 2022 |
|-------|-------------------|----------------------|-----------------------|--|
| F5 | | | | |
| | - | _ | 979 | 795 |
| | - | _ | 12 | 9 |
| | - | | 991 | 804 |
| | 17,718 | 16,872 | 3,539 | 2,894 |
| | | Notes 2023 F5 | Notes 2023 2022 F5 | Notes 2023 2022 2023 F5 - - 979 - - 12 - - 991 |

continued on next page ...

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B2-4 Grants and contributions (continued)

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:

| | Operating | Operating | Capital | Capital |
|--|-----------|-----------|---------|---------|
| \$ '000 | 2023 | 2022 | 2023 | 2022 |
| Unspent grants and contributions | | | | |
| Unspent funds at 1 July | 3,074 | 1,423 | 543 | 543 |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | _ | 1,651 | _ | _ |
| Add: Funds received and not recognised as revenue in the current year | (3,066) | 1,001 | 6,327 | |
| Less: Funds recognised as revenue in previous years that have been spent during the reporting year | (3,000) | _ | 0,327 | _ |
| Less: Funds received in prior year but revenue recognised and funds spent in current year | - | _ | - | _ |
| Unspent funds at 30 June | 8 | 3.074 | 6,870 | 543 |
| Funds relate to unpsent capital grants. These funds are externally restricted. | | <u> </u> | | |
| Unspent funds at 1 July | - | - | 10,477 | 9,683 |
| Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | _ | _ | 979 | 794 |
| Less: contributions recognised as revenue in previous years that have been spent | | | | |
| during the reporting year | | | (911) | |
| Unspent contributions at 30 June | - | | 10,545 | 10,477 |

Unspent developer contributions were restricted as required by legislation.

Accounting policy

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 obligations is recognised as or 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.

continued on next page ...

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B2-4 Grants and contributions (continued)

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 | 2023 | 2022 |
|--|-------|------|
| Interest on financial assets measured at amortised cost | | |
| Cash and investments | 1,823 | 260 |
| Overdue rates and annual charges (incl. special purpose rates) | 36 | 29 |
| Total interest and investment income (losses) | 1,859 | 289 |
| Interest and investment income is attributable to: | | |
| Unrestricted investments/financial assets: | | |
| General Council cash and investments | 1,577 | 221 |
| Overdue rates and annual charges (general fund) | 36 | 29 |
| Restricted investments/funds – external: | | |
| Development contributions | | |
| – Section 7.11 | 246 | 39 |
| Total interest and investment income | 1,859 | 289 |

Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

B2-6 Other income

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|------|-------|
| | | | |
| Fair value increment on investment properties | | | |
| Fair value increment on investment properties | | - | 2,120 |
| Total fair value increment on investment properties | C1-9 | - | 2,120 |
| Fair value increment on investments | | | |
| Fair value increment on investments through profit and loss | | - | 24 |
| Total Fair value increment on investments | | | 24 |
| Total other income | | _ | 2.144 |

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B3 Costs of providing services

B3-1 Employee benefits and on-costs

| \$ '000 | 2023 | 2022 |
|--|--------|--------|
| Salaries and wages | 26,540 | 28,272 |
| Employee leave entitlements (ELE) | 4,579 | 3,533 |
| Superannuation | 3,029 | 2,801 |
| Workers' compensation insurance | 763 | 742 |
| Training costs (other than salaries and wages) | 691 | 498 |
| Fringe benefit tax (FBT) | 139 | 103 |
| Other | 158 | 170 |
| Total employee costs | 35,899 | 36,119 |
| Less: capitalised costs | (261) | (390) |
| Total employee costs expensed | 35,638 | 35,729 |
| Number of 'full-time equivalent' employees (FTE) at year end | 352 | 329 |

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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 E3-1 for more information.

B3-2 Materials and services

| \$ '000 | Notes | 2023 | 2022 |
|--|-------|--------|--------|
| Raw materials and consumables | | 14,817 | 14,662 |
| Contractor costs | | 4,732 | 3,848 |
| Agency Staff - Blue Haven Aged Care Operations | | 4,216 | 3,363 |
| Computer software charges | | 1,836 | 1,570 |
| Insurance | | 1,424 | 1,481 |
| Electricity and heating | | 1,222 | 1,031 |
| Other expenses | | 217 | 249 |
| Audit Fees | E2-1 | 382 | 762 |
| Telephone and communications | | 587 | 695 |
| Subscriptions and publications | | 407 | 417 |
| Street lighting | | 404 | 363 |
| Cleaning | | 319 | 341 |
| Advertising | | 462 | 291 |
| Councillor and Mayoral fees and associated expenses | E1-2 | 302 | 284 |
| Election expenses | | - | 184 |
| Bank charges | | 187 | 124 |
| Postage | | 59 | 98 |
| Printing and stationery | | 97 | 81 |
| Valuation fees | | 68 | 64 |
| Cost of sales | | 348 | - |
| Waste Disposal | | - | 676 |
| Legal expenses: | | | |
| Legal expenses: planning and development | | 36 | 389 |
| Legal expenses: other | | 1,897 | 208 |

continued on next page ...

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B3-2 Materials and services (continued)

| \$ '000 | 2023 | 2022 |
|---------------------------------|--------|--------|
| – Legal expenses: debt recovery | 25 | 43 |
| Total materials and services | 34,047 | 31,224 |

Accounting policy

Expenses are recorded on an accruals basis as the Council receives the goods or services.

B3-3 Borrowing costs

| \$ '000 | 2023 | 2022 |
|---|-------|-------|
| (i) Interest bearing liability costs | | |
| Interest on loans | 1,466 | 1,588 |
| Interest on leases | 6 | 10 |
| Other debts | 1 | 6 |
| Total interest bearing liability costs | 1,473 | 1,604 |
| Total interest bearing liability costs expensed | 1,473 | 1,604 |
| (ii) Other borrowing costs | | |
| Fair value adjustment on loans (to Council) | (209) | (94) |
| Total other borrowing costs | (209) | (94) |
| Total borrowing costs expensed | 1,264 | 1,510 |

Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

| \$ '000 | Notes | 2023 | 2022 |
|--|-------|--------|--------|
| Depreciation and amortisation | | | |
| Plant and equipment | | 2,230 | 2,332 |
| Office equipment | | 417 | 473 |
| Furniture and fittings | | 157 | 182 |
| Land improvements (depreciable) | | 106 | 133 |
| Infrastructure: | C1-8 | | |
| – Roads | | 3,754 | 3,655 |
| – Stormwater drainage | | 477 | 471 |
| – Bridges | | 369 | 370 |
| - Footpaths | | 333 | 330 |
| Other open space/recreational assets | | 194 | 233 |
| - Other structures | | 213 | 212 |
| Swimming pools | | 34 | 34 |
| – Buildings | | 2,765 | 3,141 |
| Other assets: | | | |
| - Other | | 110 | 156 |
| – Library books | | 94 | 93 |
| Total gross depreciation and amortisation costs | _ | 11,253 | 11,815 |
| Total depreciation and amortisation costs | _ | 11,253 | 11,815 |
| Total depreciation, amortisation and impairment for | | | |
| non-financial assets | | 11,253 | 11,815 |
| Accounting policy | | | |

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

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 C1-8 for IPPE assets and Note C1-10 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

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.

B3-5 Other expenses

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|-------|-------|
| Impairment of receivables | | | |
| User charges and fees | | 90 | - |
| Reversal of Prior Year Doubtful Debt | | (89) | 229 |
| Total impairment of receivables | C1-4 | 1 | 229 |
| Other | | | |
| Contributions/levies to other levels of government | | | |
| – Crown reserve levy | | 406 | 539 |
| Emergency services levy (includes FRNSW, SES, and RFS levies) | | 428 | 312 |
| Fines and Penalties | | 2 | 162 |
| Donations, contributions and assistance to other organisations (Section 356) | | 173 | 160 |
| Total other | | 1,009 | 1,173 |
| Total other expenses | | 1,010 | 1,402 |

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses

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

| \$ '000 | Notes | 2023 | 2022 |
|--|-------|----------|----------|
| Gain (or loss) on disposal of plant and equipment | C1-8 | | |
| Proceeds from disposal – plant and equipment | | 408 | 885 |
| Less: carrying amount of plant and equipment assets sold/written off | | (395) | (508) |
| Gain (or loss) on disposal | _ | 13 | 377 |
| Gain (or loss) on disposal of property (excl. investment prop | erty) | | |
| Proceeds from disposal – property | | 28,000 | 40 |
| Less: carrying amount of property assets sold/written off | | (20,178) | (7,457) |
| Gain (or loss) on disposal | | 7,822 | (7,417) |
| Gain (or loss) on disposal of infrastructure | C1-8 | | |
| Carrying amount of infrastructure assets written off | | - | (4,518) |
| Gain (or loss) on disposal | | - | (4,518) |
| Loss on de-recognition of investment property | C1-9 | | |
| Carrying amount of investment property de-recognised | | - | (8,992) |
| Loss on de-recognition | | - | (8,992) |
| Net gain (or loss) from disposal of assets | | 7,835 | (20,550) |

Accounting policy Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

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B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2022 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.

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.

| ¢ 1000 | 2023 Budget | 2023 | 202 Varia | |
|---|------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|
| \$ '000 | Budget | Actual | Varia | nce |
| Revenues | | | | |
| Other revenues The variance is \$868K negative due to internal overhead consolidation for financial reporting purposes. This incom | 0 0 | | 0 | (12)% U ut eliminated upor |
| Capital grants and contributions The unfavourable variance primarily arises from unpredi Arrangement for Jamberoo Mountain Road. The capital pr funding grant was delayed into the following financial yea | oject was comple | eted in financial y | ear 2022/23; how | vever, the recovery |
| Interest and investment revenue Interest and investment revenue was favourable against of interest income applied in the original adopted budget. | 0 | 0, | | |
| Net gains from disposal of assets An unfavourable variance results from the cost of disposed from sale remained on budget, but the recorded cost of th | | - | (6,575) t was prepared. E | (46)% U Expected proceeds |
| Expenses | | | | |
| Borrowing costs The favourable variance in borrowing costs is due to pro initially considered in the budget. | 1,826 pcessing of accru | 1,264 uals for 2021/22 | 562 financial year wł | 31% F hich had not beer |
| Statement of cash flows | | | | |
| Cash flows from operating activities Cash flow from operating activities is lower than original b and services in particular. | 4,359 budget mainly du | 1,195 e to higher than | (3,164) anticipated expe | (73)% U nses, materials |
| Cash flows from investing activities Original budget did not include a repayment of T-Corp loa redemption of term deposts required to repay this loan, ir | | | 47,161 Il cash flow did no | 1,116% F ot forecast |
| Cash flows from financing activities A repayment of T-Corp loan is the main reason for mater | 2,824 ial variance in ca | (24,747) sh flow from fina | (27,571) ncing activities. | (976)% <mark>U</mark> |

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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| \$ '000 | 2023 | 2022 |
|--|--------|--------|
| Cash on hand and at bank Cash equivalent assets | 3,058 | 15,224 |
| – Short-term deposits | 40,000 | _ |
| Total cash and cash equivalents | 43,058 | 15,224 |

Reconciliation of cash and cash equivalents

| Total cash and cash equivalents per Statement of Financial Position | 43,058 | 15,224 |
|---|--------|--------|
| Balance as per the Statement of Cash Flows | 43,058 | 15,224 |

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

| | 2023 | 2023 | 2022 | 2022 |
|---|---------|-------------|---------|-------------|
| \$ '000 | Current | Non-current | Current | Non-current |
| Debt securities at amortised cost | | | | |
| Long term deposits | 3,000 | 750 | 30,500 | 7,000 |
| NCD's, FRN's (with maturities > 3 months) | _ | | 1,003 | |
| Total | 3,000 | 750 | 31,503 | 7,000 |
| Other financial assets | | | | |
| Interest in CivicRisk Mutual | 87 | - | 84 | _ |
| Total | 87 | _ | 84 | _ |
| Total financial investments | 3,087 | 750 | 31,587 | 7,000 |
| Total cash assets, cash equivalents and | | | | |
| investments | 46,145 | 750 | 46,811 | 7,000 |

Accounting policy

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)

continued on next page ...

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C1-2 Financial investments (continued)

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 as described above 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 of \$87,000 in the Statement of Financial Position by comparison with the face value of \$129,000 in CivicRisk Mutual Limited's accounts at 30 June 2023. The valuation of CivicRisk Mutual Limited investment was undertaken by David Minty FIAA from Finity Consulting.

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

| \$ '000 | | 2023 | 2022 |
|--|---|-----------------------|-----------------------|
| (a) | Externally restricted cash, cash equivalents and investments | | |
| Total | cash, cash equivalents and investments | 46,895 | 53,811 |
| Less: I | External restrictions | (34,727) | (53,914) |
| | , cash equivalents and investments not subject to external ctions | 12,168 | (103) |
| Extern | al restrictions included in cash, cash equivalents and investments above com | prise: | |
| Specifi | ic purpose unexpended loans – general ic purpose unexpended grants – general fund nal restrictions – included in liabilities | 500 6,878 7,378 | 500 3,617 4,117 |
| | nal restrictions – other al restrictions included in cash, cash equivalents and investments above ise: | | |
| Develo | oper contributions - general | 10,835 | 10,517 |
| | water Levy Management | 3 | - |
| | ty bonds, Deposits & Retentions | 1,972 | - |
| | y Parks (Crown Land) laven aged in-home care unspent client fund | 1,198 194 | 446 408 |
| | stic waste management | 5,728 | 408 |
| | oan Restrictions - TCorp | - | 27,788 |
| | laven - ILU Maintenance Levy carried forward surplus (Terralong) | 2,023 | 1,640 |
| ыие п | laven - ILU Maintenance Levy carried forward surplus (Bonaira) | 396 | 178 |
| | | | |
| Blue H | laven - Residential aged care prudential standards | 5,000 | 4,400 |
| Blue H Blue H Blue H | laven - Community Services Bus replacement fund | 5,000 | 4,400 315 |
| Blue H Blue H Blue H Exter | | 5,000 27,349 | , |

continued on next page ...

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C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

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 | 2023 | 2022 |
|--|----------|-------|
| (b) Internal allocations | | |
| Cash, cash equivalents and investments not subject to external | | |
| restrictions | 12,168 | (103) |
| Internal restrictions | (10,042) | - |
| Unrestricted and unallocated cash, cash equivalents and investments | 2,126 | (103) |
| At 30 June, Council has internally allocated funds to the following: | | |
| Council Elections | 50 | _ |
| Employees leave entitlement | 4,000 | - |
| Land development | 5,002 | - |
| Temporary Funding of Disaster Recovery Funding Agreement Works | (5,002) | - |
| Blue Haven ILU Prudential Cover | 4,300 | - |
| Plant and vehicle replacement | 865 | - |
| Plant replacement | 176 | - |
| Risk Improvement Incentive | 93 | - |
| Waste and sustainability | 558 | |
| Total internal allocations | 10,042 | _ |

At 30 June 2023, Council has spent \$5m in grants spent in advance and has used internal reserves to fund this spend. Grants of \$4.3m was received for the Disaster Recovery Funding Agreement Works in December 2023 and Council will continue to lodge claims to receive further grant funding.

As at 30 June 2022 all internally restricted reserves were temporarily released in order to improve unrestricted cash requirements. The movement in internally restricted funds is allowed in Council's Restricted Funds Policy.

In preparing the 2021-22 financial statements, Council has formed the view that it has accessed restricted funds during the 2021-22 financial year without the approval of Council (for internal restrictions) or the Minister (for external restrictions), as required by the Local Government Act 1993. Council notified Office of Local Government and the Minister about this breach. Due to the negative closing balance of unrestricted cash in 2021-22, the Council indvertently breached the Local Government Act during the 2022-23 financial year until the negative unrestricted cash position was rectified in the 2022-23 financial year.

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C1-4 Receivables

| | 2023 | 2023 | 2022 | 2022 |
|---|---------|-------------|---------|-------------|
| \$ '000 | Current | Non-current | Current | Non-current |
| Rates and annual charges | 596 | _ | 108 | _ |
| User charges and fees | 533 | - | 858 | _ |
| Private works | - | - | 39 | _ |
| Accrued revenues | | | | |
| Interest on investments | 986 | - | 174 | _ |
| Other income accruals | 433 | - | 528 | _ |
| Government grants and subsidies | 205 | - | 270 | _ |
| Other debtors | - | - | 2 | _ |
| Net GST receivable | 506 | - | 309 | _ |
| Other – advances to public | - | 197 | _ | 191 |
| Other – holiday park charges | 359 | - | 293 | _ |
| Employee deductions and on costs | - | - | 6 | _ |
| Total | 3,618 | 197 | 2,587 | 191 |
| Total net receivables | 3,618 | 197 | 2,587 | 191 |

| \$ '000 | 2023 | 2022 |
|---|------|------|
| | | |
| Movement in provision for impairment of receivables | | |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | 90 | 224 |
| Balance at the end of the year | 90 | 224 |

Accounting policy

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 30 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.

None of the receivables that have been written off are subject to enforcement activity.

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 Inventories

| 2023 | 2023 | 2022 | 2022 |
|---------|------------------------------|---|--|
| Current | Non-current | Current | Non-current |
| | | | |
| 207 | - | 222 | _ |
| 100 | - | 80 | - |
| 307 | | 302 | _ |
| 307 | | 302 | |
| | Current 207 100 307 | Current Non-current 207 - 100 - 307 - | Current Non-current Current 207 - 222 100 - 80 307 - 302 |

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C1-6 Contract assets

| | 2023 | 2023 | 2022 | 2022 |
|-----------------------|---------|-------------|---------|-------------|
| \$ '000 | Current | Non-current | Current | Non-current |
| Grants | 871 | - | 216 | - |
| Total contract assets | 871 | _ | 216 | _ |

Accounting policy

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Non-current assets classified as held for sale

| \$ '000 | 2023 Current | 2023 Non-current | 2022 Current | 2022 Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Land and Building 1 Total non-current assets classified | 5,461 | | 20,178 | |
| as held for sale | 5,461 | _ | 20,178 | |

(1) The valuation of assets held for sale pertains to Akuna Street South Carpark. In September 2023, Council resolved to divest itself of four parcels of land situated in the South carpark area of Akuna Street, Kiama. Subsequently, Council promptly implemented measures to engage the market, and by November 2023, the landholdings were successfully sold for an approximate sum of \$5.5 million. This was within 12 months from the date of reclassification.

Accounting policy

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.

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C1-8 Infrastructure, property, plant and equipment

| \$,000 | | (| | | | Asset movemer | Asset movements during the reporting period | oorting period | | | | At 30 June 2023 | |
|--|--------------------------------------|---|---------------------------------------|-----------------------|-----------------------------------|-------------------------|---|---------------------------------|----------------------|-----------------------------------|--------------------------|---|---------------------------|
| | Gross carrying amount Restated | Accumulated depreciation and impairment | Net carrying amount Restated | Additions renewals | Carrying value of disposals | Depreciation expense | T WIP transfers | Transferred to held for sale | Reclassificati on | Revaluation to equity (ARR) | Gross carrying amount | Accumulated carrying depreciation amount and impairment | Net carrying amount |
| Capital work in progress | 7,939 | I | 7,939 | 11,784 | I | ı | (9,872) | I | I | (351) | 9,500 | 1 | 9,500 |
| Plant and equipment | 28,592 | (16,555) | 12,037 | I | (251) | (2,230) | 1,229 | ı | I | | 29,336 | (18,551) | 10,785 |
| Office equipment | 5,400 | (4,739) | 661 | I | | (417) | I | I | I | I | 5,401 | (5,157) | 244 |
| Furniture and fittings | 3,816 | (3,037) | 779 | I | I | (157) | 30 | ı | ı | ı | 3,845 | (3,193) | 652 |
| Constituted land | 000 11 | | 000 11 | | | | | | | 10.01 | | | |
| | 45,026 | I | 45,026 | I | I | I | I | (5,461) | 4,444 | 13,257 | 57,266 | I | 57,266 |
| Community land | 85,360 | I | 85,360 | I | I | I | I | I | (4,444) | 29,038 | 109,954 | I | 109,954 |
| Land under roads (post 30/6/08) | 28 | I | 28 | I | I | I | I | I | I | I | 28 | I | 28 |
| Land improvements – | | | | | | | | | | | | | |
| non-depreciable | 4,728 | I | 4,728 | ı | ı | ı | ı | ı | ı | ı | 4,728 | ı | 4,728 |
| Land improvements – depreciable | 3,102 | (1,768) | 1,334 | I | I | (106) | I | I | I | I | 3,102 | (1,874) | 1,228 |
| Infrastructure: | | | | | | | | | | | | | |
| - Bridges | 36,744 | (13,529) | 23,215 | ı | ı | (369) | I | I | I | 16,166 | 64,431 | (25,419) | 39,012 |
| Bulk earthworks (non-depreciable) | 22,324 | I | 22,324 | I | I | I | 758 | I | I | 1,263 | 24,345 | I | 24,345 |
| - Footpaths | 14,431 | (5,830) | 8,601 | ı | I | (333) | 144 | I | I | 1,086 | 15,107 | (5,609) | 9,498 |
| - Buildings | I | I | I | I | I | (2,765) | 786 | I | 151,287 | 10,722 | 206,632 | (46,602) | 160,030 |
| - Buildings – non-specialised | 22,960 | (5,563) | 17,397 | I | ı | 1 | I | I | (17,397) | I | I | 1 | I |
| - Buildings – specialised | 169,101 | (35,211) | 133,890 | ı | ı | I | I | I | (133,890) | I | 1 | I | 1 |
| Other structures | 13,042 | (6,072) | 6,970 | ı | ı | (213) | ŝ | I | I | I | 13,047 | (6,285) | 6,762 |
| - Stormwater drainage | 56,571 | (16,268) | 40,303 | ı | I | (477) | 479 | I | I | I | 57,051 | (16,746) | 40,305 |
| Swimming pools | 1,208 | (341) | 867 | ı | ı | (34) | I | I | I | I | 1,208 | (375) | 833 |
| Other open space/recreational | | | | | | | | | | | | | |
| assets | 6,542 | (3,464) | 3,078 | ı | I | (194) | 279 | I | I | I | 6,821 | (3,658) | 3,163 |
| - Roads | 194,112 | (62,608) | 131,504 | I | (144) | (3,754) | 6,162 | I | I | (28,241) | 183,512 | (77,985) | 105,527 |
| Other assets: | | | | | | | | | | | | | |
| – Library books | 2,149 | (1,806) | 343 | ı | ı | (94) | I | I | I | I | 2,148 | (1,899) | 249 |
| - Other | 1,751 | (382) | 1,369 | I | I | (110) | I | I | I | I | 1,751 | (492) | 1,259 |
| Total infrastructure, property, plant and equipment | 724.926 | (177,173) | 547 753 | 11.784 | (395) | (11.253) | 1 | (5.461) | 1 | 42.940 | 799.213 | (213.845) | 585.368 |

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

Item 18.1

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Item 18.1 - 2022-23 Annual Financial Statements

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| asset class | | At 1 July 2021 | | | Asse | Asset movements during the reporting period | the reporting peri- | po | | | At 30 June 2022 | |
|---|--------------------------------------|---|---------------------------------------|------------------------------------|-------------------------|---|-------------------------|---------------------------------|--|--------------------------------------|---|---------------------------------------|
| 000. \$ | Gross carrying amount Restated | Accumulated depreciation and impairment | Net carrying amount Restated | Additions renewals ¹ | Additions new assets | Carrying value of disposals Restated | Depreciation expense | Transferred to held for sale | Revaluation increments to equity (ARR) | Gross carrying amount Restated | Accumulated depreciation and impairment | Net carrying amount Restated |
| Capital work in progress | 6,126 | I | 6,126 | 1,813 | I | I | I | I | I | 7,939 | I | 7,939 |
| Plant and equipment | 28,537 | (14,974) | 13,563 | I | 1,314 | (208) | (2,332) | I | I | 28,592 | (16,555) | 12,037 |
| Office equipment | 5,401 | (4,267) | 1,134 | I | I | 1 | (473) | I | I | 5,400 | (4,739) | 661 |
| Furniture and fittings | 3,815 | (2,854) | 961 | I | I | I | (182) | I | I | 3,816 | (3,037) | 677 |
| Lana: | | | | | | | | | | | | |
| Operational land | 41,014 | I | 41,014 | I | I | (12,340) | I | (13,397) | 29,749 | 45,026 | I | 45,026 |
| Community land | 85,360 | I | 85,360 | I | I | I | I | I | I | 85,360 | I | 85,360 |
| Land under roads (post 30/6/08) | 28 | I | 28 | I | I | I | I | I | I | 28 | I | 28 |
| Land improvements – non-depreciable | 4.728 | I | 4.728 | I | I | I | I | I | I | 4.728 | I | 4.728 |
| Land improvements – depreciable | 3.103 | (1.636) | 1.467 | I | I | I | (133) | I | I | 3.102 | (1.768) | 1.334 |
| Infrastructure: | | 1 | | | | | | | | | | |
| – Buildings | I | I | I | I | I | I | (3,141) | I | I | I | I | I |
| - Buildings – non-specialised | 22,747 | (7,967) | 14,780 | I | I | I | I | I | 3,129 | 22,960 | (5,563) | 17,397 |
| - Buildings – specialised | 146,738 | (52,888) | 93,850 | I | 4,829 | (127) | I | (3,030) | 40,996 | 169,101 | (35,211) | 133,890 |
| Other structures | 13,042 | (5,860) | 7,182 | I | I | I | (212) | I | I | 13,042 | (6,072) | 6,970 |
| – Roads | 193,258 | (59,137) | 134,121 | 1,119 | I | (80) | (3,655) | I | I | 194,112 | (62,608) | 131,504 |
| - Bridges | 36,038 | (13,159) | 22,879 | 706 | I | I | (370) | I | I | 36,744 | (13,529) | 23,215 |
| Footpaths | 14,426 | (5,501) | 8,925 | I | 9 | I | (330) | I | I | 14,431 | (5,830) | 8,601 |
| Bulk earthworks | | | | | | | | | | | | |
| (non-depreciable) | 22,309 | I | 22,309 | I | 15 | I | I | I | I | 22,324 | I | 22,324 |
| Stormwater drainage | 56,571 | (15,797) | 40,774 | I | I | I | (471) | I | I | 56,571 | (16,268) | 40,303 |
| Swimming pools | 1,208 | (307) | 901 | I | I | I | (34) | I | I | 1,208 | (341) | 867 |
| Other open space/recreational | | | | | | | | | | | | |
| assets | 6,526 | (3,231) | 3,295 | I | 16 | I | (233) | I | I | 6,542 | (3,464) | 3,078 |
| Other assets: | | | | | | | | | | | | |
| – Library books | 2,148 | (1,712) | 436 | I | I | I | (83) | I | I | 2,149 | (1,806) | 343 |
| - Other | 6,154 | (319) | 5,835 | I | I | (4,310) | (156) | I | I | 1,751 | (382) | 1,369 |
| Total infrastructure, property, | | | | | | | | | | | | |

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

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continued on next page ...

C1-8 Infrastructure, property, plant and equipment (continued)

Accounting policy

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 hasn't 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 15 |
| Furniture & fittings | 3 to 50 | Benches, seats etc. | 10 to 25 |
| Computer equipment | 3 to 5 | | |
| Vehicles | 5 to 8 | Buildings | |
| Heavy plant/road making equipment | 5 to 8 | Buildings | 50 to 117 |
| Other plant and equipment | 5 to 40 | | |
| | | | |
| Transportation assets | | Other infrastructure assets | |
| Sealed roads: surface | 15 to 60 | Bulk earthworks | infinite |
| Sealed roads: structure | 80 to 120 | Swimming pools | 50 to 100 |
| Road traffic control devices | 25 to 80 | Other open space/recreational assets | 10 |
| Traffic management assets | 20 to 80 | Other infrastructure | 15 to 95 |
| Bridge: concrete | 80 to 100 | | |
| Bridge: other | 60 to 100 | | |
| Kerb, gutter and footpaths | 25 to 60 | | |
| | | | |
| 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 ...

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C1-8 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.

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C1-9 Investment properties

| \$ '000 | 2023 | 2022 |
|----------------------------|---------|---------|
| At fair value | | |
| Opening balance at 1 July | 124,950 | 124,950 |
| Disposals during year | - | (4,884) |
| Other movements | - | 4,884 |
| Closing balance at 30 June | 124,950 | 124,950 |

Accounting policy 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.

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C2 Liabilities of Council

C2-1 Payables

| \$ '000 Curre | ent | | | 2022 |
|--|-----|-------------|---------|-------------|
| | | Non-current | Current | Non-current |
| Payables | | | | |
| Prepaid rates 4 | 13 | - | 36 | - |
| Goods and services 1,9 | 74 | - | 1,921 | - |
| Accrued expenses: | | | | |
| – Borrowings 1 | 83 | - | 548 | - |
| – Salaries and wages 4 | 30 | - | 545 | - |
| - Other expenditure accruals 4,2 | 71 | - | 1,675 | - |
| Residential aged care accommodation bonds 30,4 | 75 | - | 30,823 | - |
| Retirement village loan licence agreement 99,7 | '19 | - | 101,203 | - |
| Security bonds, deposits and retentions 2,1 | 70 | - | 2,101 | - |
| In-home aged care unspent client funds 1 | 98 | - | 404 | - |
| Other 1 | 20 | | 83 | - |
| Total payables 139,9 | 53 | - | 139,339 | _ |

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

| \$ '000 | 2023 | 2022 |
|---|---------|---------|
| The following liabilities, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Payables – security bonds, deposits and retentions | 106,000 | 107,000 |
| Total payables | 106,000 | 107,000 |

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

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

| | | 2023 | 2023 | 2022 | 2022 | |
|--------------------------------------|-------|---------|-------------|---------|-------------|--|
| \$ '000 | Notes | Current | Non-current | Current | Non-current | |
| Unexpended capital grants (to | | | | | | |
| construct Council controlled assets) | (i) | 6,877 | - | 3,617 | - | |
| Other user fees and charges | (ii) | 140 | - | 102 | _ | |
| Total contract liabilities | | 7,017 | - | 3,719 | _ | |

Notes

(i) Council has received funding to construct assets including sporting facilities and playgrounds, Hindmarsh park upgrade, Kiama showground upgrades, various footpaths and carparks, and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in 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.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

continued on next page ...

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C2-3 Borrowings

| | 2023 | 2023 | 2022 | 2022 |
|------------------|---------|-------------|---------|-------------|
| \$ '000 | Current | Non-current | Current | Non-current |
| Loans – secured | 801 | 20,494 | 1,000 | 51,427 |
| Total borrowings | 801 | 20,494 | 1,000 | 51,427 |

(a) Changes in liabilities arising from financing activities

| | 2022 | | | Non-cash | novements | | 2023 |
|---|---------|------------|-------------|------------|-----------|----------------|---------|
| | Opening | _ | | Fair value | | Other non-cash | Closing |
| \$ '000 | Balance | Cash flows | Acquisition | changes | policy | movement | balance |
| Loans – secured Total liabilities from financing | 52,427 | (31,132) | _ | - | | | 21,295 |
| activities | 52,469 | (31,132) | - | - | - | - | 21,337 |

| | 2021 | | Non-cash movements | | | | 2022 |
|----------------------------------|--------------------|------------|---------------------------------|------------|---|---|-----------------|
| \$ '000 | | | Acquisition due to change in | | | | |
| | Opening Balance | | Acquisition | Fair value | | | |
| | | Cash flows | | changes | | | Closing balance |
| Loans - secured | 53.739 | (1,312) | _ | _ | | _ | 52,427 |
| Lease liability | 177 | (1,312) | _ | _ | _ | _ | 42 |
| Total liabilities from financing | | | | | | | |
| activities | 53,916 | (1,447) | - | _ | - | - | 52,469 |

(b) Financing arrangements

| \$ '000 | 2023 | 2022 |
|--------------------------------------|-------|-------|
| Total facilities | | |
| Bank overdraft facilities 1 | 2,000 | 2,000 |
| Credit cards/purchase cards | 400 | 400 |
| Total financing arrangements | 2,400 | 2,400 |
| Drawn facilities | | |
| Credit cards/purchase cards | _ | 35 |
| Total drawn financing arrangements | | 35 |
| Undrawn facilities | | |
| Bank overdraft facilities | 2,000 | 2,000 |
| Credit cards/purchase cards | 400 | 365 |
| Total undrawn financing arrangements | 2,400 | 2,365 |

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.

C2-3 Borrowings (continued)

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

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C2-4 Employee benefit provisions

| | 2023 | 2023 | 2022 | 2022 |
|-----------------------------------|---------|-------------|---------|-------------|
| \$ '000 | Current | Non-current | Current | Non-current |
| Annual leave | 2,047 | - | 2,347 | _ |
| Sick leave | 301 | - | 358 | _ |
| Long service leave | 3,106 | 548 | 3,866 | 682 |
| TOIL Leave | 549 | - | 565 | - |
| ELE on-costs | 738 | 70 | 830 | 82 |
| Total employee benefit provisions | 6,741 | 618 | 7,966 | 764 |

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

| \$ '000 | 2023 | 2022 |
|--|-------|-------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions – employees benefits | 5,056 | 5,878 |
| Other | 464 | 527 |
| | 5,520 | 6,405 |

Description of and movements in provisions

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

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.

On-costs

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve 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.

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D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

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.

| | Carrying value | Carrying value | Fair value | Fair value |
|---|----------------|----------------|------------|------------|
| \$ '000 | 2023 | 2022 | 2023 | 2022 |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| Cash and cash equivalents | 43,058 | 15,224 | 43,058 | 15,224 |
| Receivables | 3,815 | 2,778 | 3,815 | 2,777 |
| Debt securities at amortised cost | 3.750 | 38,503 | 3,750 | 38,503 |
| Fair value through other comprehensive income Investments | -, | | -, | |
| Equity securities at fair value through other | | | | |
| comprehensive income | 87 | 84 | 87 | 84 |
| Total financial assets | 50,710 | 56,589 | 50,710 | 56,588 |
| Financial liabilities | | | | |
| Payables | 139,953 | 139,339 | 139,953 | 139,339 |
| Loans/advances | 21,295 | 52,427 | 21,295 | 52,427 |
| Total financial liabilities | 161,248 | 191,766 | 161,248 | 191,766 |
| | | | | |

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.

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:

- Price risk the risk that the capital value of Investments may fluctuate due to changes in market prices, whether
 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors
 affecting similar instruments traded in a market.
- Interest rate risk the risk that movements in interest rates could affect returns and income.

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

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

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 and price risk

| S'000 | 2023 | 2022 |
|--|-------|-------|
| The impact on 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 vere determined based on historical movements and economic conditions in place at the eporting date. | | |
| mpact of a 1% movement in interest rates | | |
| - Equity / Income Statement | 469 | 538 |
| mpact of a 10% movement in price of investments | | |
| - Equity / Income Statement | 4,690 | 5,381 |

(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.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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.

| | Not yet | ove | | | | |
|-------------------------------|---------|-----------|-------------|-------------|-----------|-------|
| \$ '000 | overdue | < 5 years | 1 - 2 years | 2 - 5 years | ≥ 5 years | Total |
| 2023 Gross carrying amount | - | - | 520 | 44 | 32 | 596 |
| 2022 Gross carrying amount | 103 | 1 | 1 | 3 | _ | 108 |

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,

continued on next page ...

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

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.

| | Not yet | | | | | |
|------------------------|---------|-------------|--------------|--------------|-----------|-------|
| \$ '000 | overdue | 0 - 30 days | 31 - 60 days | 61 - 90 days | > 91 days | Total |
| 2023 | | | | | | |
| Gross carrying amount | 306 | 2,377 | 72 | 36 | 1,299 | 4,090 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 6.90% | 2.19% |
| ECL provision | | - | | | 90 | 90 |
| 2022 | | | | | | |
| Gross carrying amount | 2,886 | _ | - | - | _ | 2,886 |
| Expected loss rate (%) | 7.76% | 0.00% | 0.00% | 0.00% | 0.00% | 7.76% |
| ECL provision | 224 | _ | _ | _ | _ | 224 |

(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.

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 cashflows.

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 | ≤ 1 Year | payable in: 1 - 5 Years | > 5 Years | Total cash outflows | Actual carrying values |
|-----------------------------|---|------------------------------|----------|-------------------------------|-----------|------------------------|------------------------------|
| · · · · · | | | | | | | |
| 2023 | | | | | | | |
| Payables | 0.00% | 2,170 | 43,095 | 95,365 | - | 140,630 | 139,953 |
| Borrowings | 3.80% | | 801 | 17,947 | 2,547 | 21,295 | 21,295 |
| Total financial liabilities | | 2,170 | 43,896 | 113,312 | 2,547 | 161,925 | 161,248 |
| 2022 | | | | | | | |
| Payables | 0.00% | 2,101 | 40,389 | 96,849 | _ | 139,339 | 139,339 |
| Borrowings | 3.44% | - | 1,000 | 48,755 | 2,672 | 52,427 | 52,427 |
| Total financial liabilities | | 2,101 | 41,389 | 145,604 | 2,672 | 191,766 | 191,766 |

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).

| | | Fair valu | e measurement | hierarchy | | |
|----------|------------------|---|---|---|---|--|
| | obser | able inputs | unobserv | able inputs | | |
| Notes | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| surement | ts | | | | | |
| | | | | | | |
| | | | | | | |
| | 87 | 84 | - | - | 87 | 84 |
| _ | 87 | 84 | - | - | 87 | 84 |
| C1-9 | | | | | | |
| | 124.950 | 124.950 | _ | _ | 124.950 | 124,950 |
| | , | , | | | , | 1 |
| _ | 124,950 | 124,950 | - | | 124,950 | 124,950 |
| C1-8 | | | | | | |
| | | | | | | |
| | _ | _ | 9.500 | 7,939 | 9.500 | 7.939 |
| | _ | _ | , | , | , | 12.037 |
| | _ | _ | 244 | 661 | 244 | 661 |
| | _ | _ | 652 | 779 | 652 | 779 |
| | 57.266 | 45.026 | - | _ | 57.266 | 45,026 |
| | · - | _ | 109,954 | 85,360 | 109,954 | 85,360 |
| | - | _ | 28 | 28 | 28 | 28 |
| | | | | | | |
| | - | - | 4,728 | 4,728 | 4,728 | 4,728 |
| | | | | | | |
| | - | - | 1,228 | 1,334 | , | 1,334 |
| | 160,029 | - | - | - | 160,029 | - |
| | - | , | - | - | - | 17,397 |
| | - | 133,890 | - | - | - | 133,890 |
| | - | - | , | | , | 163,320 |
| | - | - | 40,305 | 40,303 | 40,305 | 40,303 |
| | | | 04.045 | 22.220 | 04.945 | 00.00 |
| | - | - | 24,345 | 22,320 | 24,345 | 22,326 |
| | _ | _ | 3 996 | 3 945 | 3 996 | 3,94 |
| | _ | | , | , | , | 5,945 6,970 |
| | - | — | 249 | 343 | 249 | 343 |
| | C1-9 | observ 2023 ssurements 87 124,950 C1-8 | Level 2 Significant observable inputs Notes 2023 2022 ssurements 87 84 6 C1-9 124,950 124,950 124,950 124,950 C1-9 124,950 | Level 2 Significant observable inputs 2023 Level 3 unobserv 2023 surements 87 84 - 87 84 - 61-9 124,950 124,950 - 124,950 124,950 - - 124,950 124,950 - - 61-9 - 9,500 - C1-9 - - 9,500 C1-8 - - - C1-8 - - - - - 9,500 - C1-8 - - - - - 10,784 - - - 652 - 57,266 45,026 - - - - 109,954 - - - 1,228 - - - - 133,890 - - - - 133,890 - - - | observable inputs 2023 unobservable inputs 2023 unobservable inputs 2023 surements 2023 2022 surements 87 84 - - | Level 2 Significant observable inputs Level 3 Significant unobservable inputs Tota 2023 Notes 2023 2022 2023 2033 2033 |

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D2-1 Fair value measurement (continued)

| | | | Fair valu | ie measurement | hierarchy | | |
|---|-------|---------|-------------------------------|----------------|-------------------------------|---------|---------|
| | | | 2 Significant vable inputs | | 8 Significant vable inputs | Tota | ıl |
| \$ '000 | Notes | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Other | | - | _ | 1,259 | 1,369 | 1,259 | 1,369 |
| Total infrastructure, property, plant and equipment | | 217,295 | 196,313 | 368,070 | 351,442 | 585,365 | 547,755 |
| Non-recurring fair value measurements | _ | | | | | | |
| Non-current assets classified as held for sale | C1-7 | | | | | | |
| Land | _ | - | 20,178 | - | | - | 20,178 |
| Total NCA's classified as held for sale | | _ | 20,178 | _ | _ | _ | 20,178 |

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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 what 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

As at 30 June 2022 the valuation of Blue Haven Independent Living Units was performed by Nelson Partners Australia. The valuation has been prepared on the basis of market value and realisation by the owners in a willing seller/willing purchaser situation, given appropriate marketing and on the basis of there being no financial pressure or a Receivership situation. Management assessed 2022 valuation for the financial year 2023, and concluded that there was no material change.

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at Fair Value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Trucks, tractors, jet skis, ride on mowers, street sweepers, earth moving equipment, buses and motor vehicles
- · Office Equipment Refrigerators, monitors and computer equipment
- Furniture & Fittings Chairs and desks

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all Council's land classified as Operational Land under the NSW Local Government Act 1993. Along with the application of market approach, the key unobservable input into the valuation is the price per square metre. Operational Land experienced a 10.6% increase in indexation on 30 June 2023, which was based on percentage changes provided by the NSW Valuer-General for Kiama local government area.

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

Non depreciable land improvements are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking into account the pattern of consumption, estimated useful life and the residual value. There has been no change to the valuation process during the reporting period.

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D2-1 Fair value measurement (continued)

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. Last year, 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Buildings – Specialised and Non Specialised

The financial year 2022/23 experienced an increase of approximately 7.15% in indexation for building as per Australian Bureau of Statistics data for non-residential building construction in New South Wales. The 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 2 valuation inputs.

Other Structures

This asset class includes sporting facilities, park furniture, signs, skate facilities etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads

The process of valuation for Roads, Bridges, Footpaths and Traffic Management Assets was conducted by an independent valuer - AssetVal (Mercer) as of 30 June 2023. 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. 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.

Bulk Earthworks – non depreciable

Bulk Earthworks valuation was performed by an independent valuer - AssetVal (Mercer) as of 30 June 2023. The 'Cost Approach' 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 refers to the system for the collection, storage and removal of stormwater. These assets include pipelines, pits, headwalls and other drainage structures. The full revaluation of Stormwater drainage assets is undertaken every 5 years and the last revaluation was undertaken as at 30 June 2021.

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.

Library Books

Library books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value.

There has been no change to the valuation process during the reporting period.

Other

continued on next page ...

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D2-1 Fair value measurement (continued)

Assets within this class comprise Drainage inspection data. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. There has been no change to the valuation process during the reporting period.

Non-current assets classified as 'held for sale'

This asset class comprises a parcel of land "held for sale" is valued at fair value.

Highest and best use

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

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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 The Local Government Superannuation 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 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.

Description of the funding arrangements.

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:

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

* For 180 Point Members, Employers are required to contribute 8% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

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 (Council) 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 additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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D3-1 Contingencies (continued)

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$172,546.51. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$161,727.12.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

| Defined Benefit Employer reserves only * | \$ (millions) | Asset Coverage |
|---|---------------|----------------|
| Assets | 2,290.9 | |
| Past Service Liabilities | 2,236.1 | 102.4% |
| Vested Benefits | 2,253.6 | 101.7% |

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.49% as at 30 June 2022.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

| Investment return | 6.0% per annum |
|--------------------|--|
| Salary inflation * | 3.5% per annum |
| Increase in CPI | 6.0% for FY 22/23 2.5% per annum thereafter |

* Plus promotional increases

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, any 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 the Funds Actuary, the final end of year review will be completed by December 2023.

An employer's past service contribution per annum as a percentage of the past service contributions for all Pooled Employers (\$20m for each year from 1 January 2022 to 31 December 2024) 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

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 30/6 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.

continued on next page ...

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D3-1 Contingencies (continued)

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.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

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 30/6/08.

(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.

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- 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 indirectly.

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

| 000. \$ | 2023 | 2022 |
|--------------------------|-------|-------|
| Compensation: | | |
| Short-term benefits | 1,541 | 1,326 |
| Other long-term benefits | 136 | 148 |
| Termination benefits | 306 | 224 |
| Total | 1,983 | 1,698 |

Other transactions with KMP and their related parties

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

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E1-2 Councillor and Mayoral fees and associated expenses

| \$ '000 | 2023 | 2022 |
|--|------|------|
| The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are: | | |
| Mayoral fee | 42 | 41 |
| Councillors' fees | 193 | 175 |
| Other Councillors' expenses (including Mayor) | 67 | 68 |
| Total | 302 | 284 |

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E2 Other relationships

E2-1 Audit fees

| \$ '000 | 2023 | 2022 |
|--|------|------|
| 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 2022/23 financial statements | 378 | - |
| Audit and review of 2021/22 financial statements | (31) | 378 |
| Audit and review of 2020/21 financial statements | | 274 |
| Remuneration for audit and other assurance services | 347 | 652 |
| Total Auditor-General remuneration | 347 | 652 |
| Non NSW Auditor-General audit firms | | |
| Other audit and assurance services | 35 | 110 |
| Total remuneration of non NSW Auditor-General audit firms | 35 | 110 |
| Total audit fees | 382 | 762 |

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F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

| \$ '000 | 2023 | 2022 |
|---|---------|----------|
| Net operating result from Income Statement | 3,799 | (25,523) |
| Add / (less) non-cash items: | , | |
| Depreciation and amortisation | 11,253 | 11,814 |
| (Gain) / loss on disposal of assets | (7,835) | 20,550 |
| Non-cash capital grants and contributions | (12) | (9) |
| Deferred Management Fees | (4,344) | (4,555) |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | . , |
| Investment property | - | (2,120) |
| Fair valuation adjustment (re-measurement) of existing loans to Council | (209) | (94) |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | (1,037) | 688 |
| (Increase) / decrease of inventories | (5) | (56) |
| (Increase) / decrease of other current assets | (469) | (111) |
| (Increase) / decrease of contract asset | (655) | 1,002 |
| Increase / (decrease) in payables | 53 | 344 |
| Increase / (decrease) in accrued interest payable | (365) | (11) |
| Increase / (decrease) in other accrued expenses payable | 2,481 | 1,130 |
| Increase / (decrease) in other liabilities | (3,387) | (579) |
| Increase / (decrease) in contract liabilities | 3,298 | (212) |
| Increase / (decrease) in employee benefit provision | (1,371) | 558 |
| Net cash flows from operating activities | 1,195 | 2,816 |

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F2-1 Commitments

| \$ '000 | 2023 | 2022 |
|--|-------|-------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Footpaths and cycleways | 41 | 272 |
| Holiday parks | - | 345 |
| Plant and equipment | 638 | _ |
| Roads and Bridges | 1,149 | _ |
| Playgrounds | 54 | 271 |
| Open space and recreation | 131 | 473 |
| Total commitments | 2,013 | 1,361 |

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F3-1 Events occurring after the reporting date

This note will be updated based on the most recent information.

Blue Haven - Bonaira Divestment

Council resolved in October 2022 to begin the sale process of its Blue Haven Bonaira Aged Care and Retirement Living services. This was confirmed at a follow up meeting in February 2023. This forms part of Council's asset divestment initiatives and will assist Council's financial sustainability strategy. The sale process is expected to be finalised by June 2024. Council is in a process of direct negotiation with the potential buyer.

Legal Matter

As reported in the 2021/22 Financial Statements an unsuccessful tender applicant had taken issue with the fact that the successful tender applicant became the purchaser of a parcel of council land. The Council completed the legislative process and awarded the sale. The sale is complete. These proceedings were brought by the unsuccessful tender applicant in the Federal Court on 30 September 2022 seeking compensation in the amount of \$56,800,000 which is alleged to have been incurred due to the loss of opportunity to complete the development resulting in a loss of profit or to otherwise acquire the land. The matter is ongoing in the Federal Court of Australia.

Council is defending the unsuccessful tenderer's proceedings having filed affidavit material in Court. Expert reports are now being prepared for the proceedings. There is a case management hearing that is listed for 6 June 2024 for Directions. Council will continue to monitor the progress of the matter as the 30 June 2024 financial statements are prepared.

F4 Changes from prior year statements

F4-1 Correction of errors

Nature of prior period errors

1) During revaluation review of investment property, it was noted that the value of land was incorrectly added in addition to the value based on forecasted cash flows. This methodology was also incorrectly used in 2020/21, thus 2021 closing balances for investment property have been restated. A part of correction involved reclass of land from investment property to operational land (\$3 million).

2) During the process of reconciling Community Land for financial year 2022/23, it was identified that four assets with a total valuation of approximately \$4.9 million were mistakenly classified as Operational Land in the prior financial year. Subsequently, these assets have been removed from Operational Land.

3) Footpaths and Roads stocktake and revaluation performed this financial year revealed \$1.4M error that relates to assets that should have been written off in previus years. This error was recognised through 2021 equity.

This adjustment is disclosed to reflect the correction of errors from the prior year.

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

| | Original Balance | Impact Increase/ | Restated Balance |
|---|---------------------|---------------------|---------------------|
| \$ '000 | 1 July, 2021 | (decrease) | 1 July, 2021 |
| Infrastructure, property, plant and equipment | 508,009 | 1,658 | 509,667 |
| Investment Property | 139,078 | (12,140) | 126,938 |
| Total current assets | 656,502 | (10,482) | 646,020 |
| Total assets | 702,594 | (10,482) | 692,112 |
| Total liabilities | 194,500 | - | 194,500 |
| Net assets | 508,094 | (10,482) | 497,612 |
| continued on next page | | | Page 60 of 69 |

F4-1 Correction of errors (continued)

| \$ '000 | Original Balance 1 July, 2021 | Impact Increase/ (decrease) | Restated Balance 1 July, 2021 |
|---------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Accumulated Surplus | 205,928 | (10,482) | 195,446 |
| Total equity | 508,094 | (10,482) | 497,612 |

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

| \$ '000 | Original Balance 30 June, 2022 | Impact Increase/ (decrease) | Restated Balance 30 June, 2022 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|
| \$ 000 | 00 00110, 2022 | (decrease) | 00 00110, 2022 |
| Infrastructure, property, plant and equipment | 550,979 | (3,226) | 547,753 |
| Investment Property | 139,030 | (14,080) | 124,950 |
| Total non-current assets | 697,321 | (17,306) | 680,015 |
| Total assets | 767,526 | (17,306) | 750,220 |
| Total liabilities | 204,257 | | 204,257 |
| Net assets | 563,269 | (17,306) | 545,963 |
| Accumulated Surplus | 187,229 | (17,306) | 169,923 |
| Total equity | 563,269 | (17,306) | 545,963 |
| | | | |

Income Statement

| \$ '000 | Original Balance 30 June, 2022 | Impact Increase/ (decrease) | Restated Balance 30 June, 2022 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|
| Other Income | 4,084 | (1,940) | 2,144 |
| Total income from continuing operations | 78,646 | (1,940) | 76,706 |
| Net loss from the disposal of assets | 15,666 | 4,884 | 20,550 |
| Total expenses from continuing operations | 97,345 | 4,884 | 102,229 |
| Net operating result for the year | (18,699) | (6,824) | (25,523) |

Statement of Comprehensive Income

| \$ '000 | Original Balance 30 June, 2022 | Impact Increase/ (decrease) | Restated Balance 30 June, 2022 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|
| Net operating result for the year | (18,699) | (6,824) | (25,523) |
| Total comprehensive income for the year | (18,699) | (6,824) | (25,523) |

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F5 Statement of developer contributions as at 30 June 2023

F5-1 Summary of developer contributions

| | Opening | Contributior | Contributions received during the year | | Interest and | | | Held as | Cumulative balance of internal |
|--|---------------------------|--------------|--|-------------------|-----------------------------|---------------------|------------------------|-------------------------------------|-----------------------------------|
| 000. \$ | balance at 1 July 2022 | Cash | Non-cash Land | Non-cash Other | investment income earned | Amounts expended | Internal borrowings | restricted asset at 30 June 2023 | borrowings (to)/from |
| Traffic facilities | 219 | 22 | I | ı | 9 | I | ı | 247 | I |
| Community facilities | 3,519 | 206 | ı | I | 79 | (268) | I | 3,536 | I |
| Open Space and Recreation | 3,797 | 69 | ı | I | 83 | (273) | I | 3,676 | I |
| Other | 126 | 5 | ı | I | e | ı | ı | 134 | I |
| S7.11 contributions – under a plan | 7,661 | 302 | I | I | 171 | (541) | I | 7,593 | I |
| S7.12 levies – under a plan | 2,856 | 678 | ı | 1 | 75 | (370) | 1 | 3,242 | |
| iotai s/.∶ri and s/. i∠ revenue under plans | 10,517 | 980 | I | 1 | 246 | (911) | 1 | 10,835 | 1 |
| Total contributions | 10,517 | 980 | 1 | I | 246 | (911) | 1 | 10,835 | 1 |

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

The Section 7.11 Contribution Plan No.s 4,7 and 7a have been repealed, and the balances have been transferred to Contributions Plan No.1.

F5-2 Developer contributions by plan

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| | Opening | Contributic | Contributions received during the year | | Interest and | | | Held as | balance of internal |
|-----------------------------------|---------------------------|-------------|--|-------------------|-----------------------------|---------------------|------------------------|-------------------------------------|-------------------------|
| 000,\$ | balance at 1 July 2022 | Cash | Non-cash Land | Non-cash Other | investment income earned | Amounts expended | Internal borrowings | restricted asset at 30 June 2023 | borrowings (to)/from |
| CONTRIBUTION PLAN NUMBER 1 | | | | | | | | | |
| Traffic facilities | 192 | 20 | ı | I | 5 | I | I | 217 | 1 |
| Community facilities | 3,379 | 185 | ı | I | 76 | (268) | I | 3,372 | I |
| Open Space and Recreation | 3,797 | 69 | ı | I | 83 | (273) | I | 3,676 | I |
| Other | 118 | 4 | ı | I | 3 | I | I | 125 | |
| Total | 7,486 | 278 | I | I | 167 | (541) | I | 7,390 | 1 |
| CONTRIBUTION PLAN NUMBER 2 | | | | | | | | | |
| Traffic facilities | 22 | 2 | ı | ı | ~ | ı | ı | 25 | 1 |
| Community facilities | 84 | 20 | ı | ı | 2 | ı | ı | 106 | 1 |
| Other | 8 | - | | 1 | I | | I | 6 | |
| Total | 114 | 23 | | I | e | 1 | 1 | 140 | 1 |

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Item 18.1

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| $ \begin{array}{cccccccccccccccccccccccccccccccccccc$ | $\begin{array}{rcccccccccccccccccccccccccccccccccccc$ | $\begin{array}{cccccccccccccccccccccccccccccccccccc$ | $\begin{bmatrix} 2 & 10^{2} \\ 2$ | $\begin{array}{cccccccccccccccccccccccccccccccccccc$ | $\begin{array}{cccccccccccccccccccccccccccccccccccc$ |
| 2,856 678 - 75 (370) - 3,242 | 2,856 678 - 75 (370) - 3,242 | 2,856 678 - 75 (370) - 3,242 | 2,856 678 - 75 (370) - 3,242 | | 678 - 75 (370) - 3,242 |
| | | | | | |
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F6 Statement of performance measures

F6-1 Statement of performance measures - consolidated results

pre-amble

No last year comparatives were provided as prior year financial statements were disclaimed by auditors.

| \$ '000 | Amounts 2023 | Indicator 2023 | Indicator 2022 | Benchmark |
|---|-----------------|-------------------|-------------------|-----------|
| 1. Operating performance ratio | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | (7,574) | | | |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 75,637 | (10.01)% | (13.65)% | > 0.00% |
| 2. Own source operating revenue ratio | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 57,919 | 73,15% | 73 49% | > 60.00% |
| Total continuing operating revenue ¹ | 79,176 | 1011070 | | 0010070 |
| 3. Unrestricted current ratio | | | | |
| Current assets less all external restrictions | 23,005 | 0.64x | 0.79x | > 1.50x |
| Current liabilities less specific purpose liabilities | 36,150 | 0.04X | 0.79X | > 1.50X |
| 4. Debt service cover ratio | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation 1 | 4,943 | | | |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 32,187 | 0.15x | 1.26x | > 2.00x |
| 5. Rates and annual charges outstanding | | | | |
| percentage | 500 | | | |
| Rates and annual charges outstandingRates and annual charges collectable | 596 | 2.24% | 0.41% | < 10.00% |
| ivates and annual charges conectable | 26,613 | | | |
| 6. Cash expense cover ratio | | | | |
| Current year ['] s cash and cash equivalents plus all term deposits | 46.808 | 5.15 | 8 62 | > 3 00 |
| Monthly payments from cash flow of operating and financing activities | 9,088 | months | months | months |

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

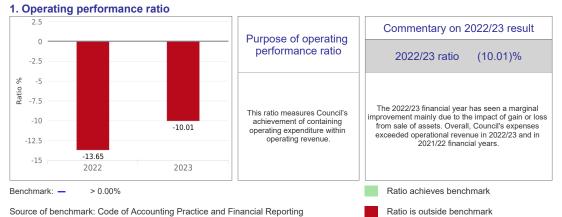
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G Additional Council disclosures (unaudited)

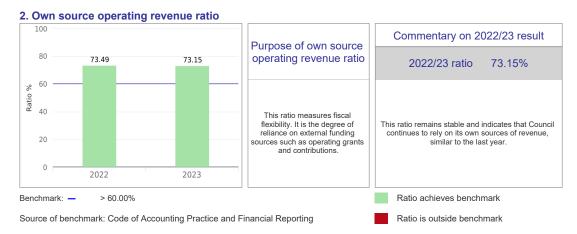
G1-1 Statement of performance measures - consolidated results (graphs)

pre-amble

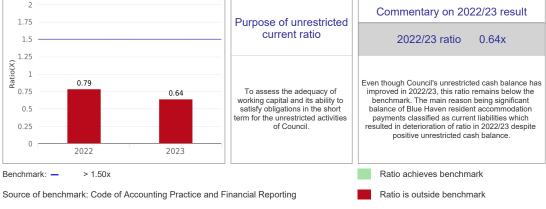
No last year comparatives were provided as prior year financial statements were disclaimed by auditors.



Source of benchmark: Code of Accounting Practice and Financial Reporting



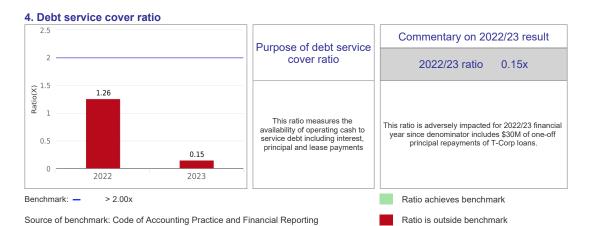
3. Unrestricted current ratio



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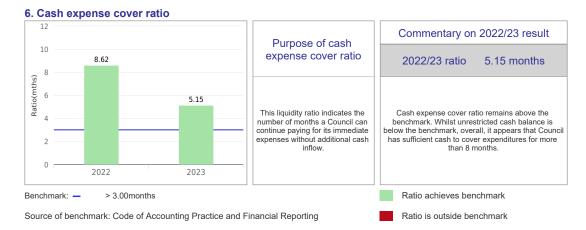
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G1-1 Statement of performance measures - consolidated results (graphs) (continued)





Source of benchmark: Code of Accounting Practice and Financial Reporting



Item 18.1

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G1-2 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

Officers

Chief Executive Officer Jane Stroud

Responsible Accounting Officer Olena Tulubinska

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

Other information ABN: 22 379 679 108 **Opening hours:** 8:45am - 4:15pm Monday to Friday

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

Elected members

Mayor Neil Reilly

Councillors Imogen Draisma (Deputy Mayor) Matt Brown Mark Croxford Jodi Keast Stuart Larkins Karen Renkema-Lang Kathy Rice Warren Steel

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Kiama Municipal Council

General Purpose Financial Statements for the year ended 30 June 2023

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

continued on next page ...

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Kiama Municipal Council

General Purpose Financial Statements for the year ended 30 June 2023

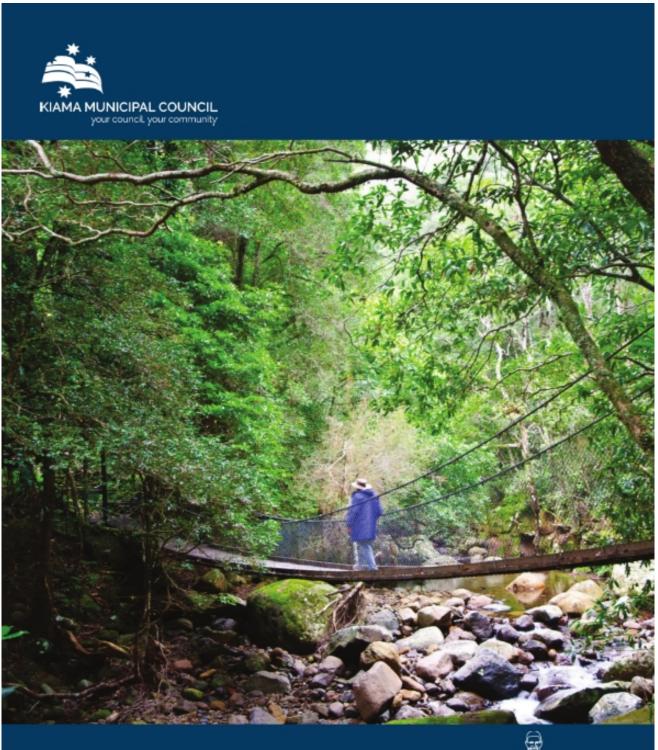
Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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Special Purpose Financial Statements for the year ended 30 June 2023



Special Purpose Financial Statements for the year ended 30 June 2023

| Contents | Page |
|--|--------------------|
| Statement by Councillors and Management | 3 |
| Special Purpose Financial Statements: | |
| Income Statement of Holiday Parks Income Statement of Blue Haven Income Statement of Commercial Waste and Plant Hire Activities Income Statement of The Pavillion | 4 5 6 7 |
| Statement of Financial Position of Holiday Parks Statement of Financial Position of Blue Haven Statement of Financial Position of Commercial Waste and Plant Hire Activities Statement of Financial Position of The Pavillion | 8 9 10 11 |
| Note – Significant Accounting Policies | 12 |
| Auditor's Report on Special Purpose Financial Statements | 14 |

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 activitie).

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).

Special Purpose Financial Statements

for the year ended 30 June 2023

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

Council recorded infrastructure property, plant and equipment (IPPE) in the Statements of Financial Position for their Declared Business Activities of \$103.9 million at 30 June 2023 (\$105.0 million at 30 June 2022).

The Council conducted comprehensive revaluations in 2022-23. Of the \$103.9 million, Councillors and Management are able to support the completeness, accuracy and valuation of \$99.8 million of IPPE recognised in the Statements of Financial Position at 30 June 2023.

However, Councillors and Management were unable to support the completeness, accuracy and valuation of the following assets in the Statements of Financial Position at 30 June 2023:

- \$1.3 million of non-depreciable land improvements in the Statement of Financial Position for the Blue Haven Declared Business Activity,
- \$2.8 million of land improvements (non-depreciable and depreciable), other structures, swimming pools, open space
 and recreational assets, and other assets in the Statement of Financial Position for the Holiday Parks Declared Business
 Activity.

These matters also impact the IPPE revaluation reserve in the Statement of Financial Position and depreciation expense in the Income Statement of the Blue Haven and Holiday Parks Declared Business Activities for the year ended 30 June 2023.

Councillors and Management could not support the completeness, accuracy and valuation of IPPE (excluding buildings and operational land) with a total net carrying value of \$22.6 million recognised in the Statement of Financial Position for the Declared Business Activities at 30 June 2022. Councillors and Management are unable to support the impact on depreciation expense in the Income Statements of the Declared Business Activities for the year ended 30 June 2023.

Apart from the issues noted above, 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.

Apart from the issues noted above, 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,
- accord with Council's accounting and other records.

We are not aware of any other matter that would render these statements false or misleading in any way. Signed in accordance with a resolution of Council made on 16 April 2024.

Neil Reilly Mayor 16 April 2024 Imogen Draisma Deputy Mayor 16 April 2024

Jane Stroud Chief Executive Officer 16 April 2024

Olena Tulubinska

Responsible Accounting Officer 16 April 2024

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Kiama Municipal Council | Income Statement of Holiday Parks | for the year ended 30 June 2023

Kiama Municipal Council

Income Statement of Holiday Parks

for the year ended 30 June 2023

| \$ '000 | 2023 Category 1 | 2022 Category 1 |
|--|--------------------|--------------------|
| Income from continuing operations | | |
| User charges and Fees | 11,203 | 10,352 |
| Grants and contributions provided for non-capital purposes | - | 2 |
| Total income from continuing operations | 11,203 | 10,354 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 355 | 332 |
| Borrowing costs | 85 | 111 |
| Materials and services | 5,756 | 5,208 |
| Depreciation, amortisation and impairment | 762 | 1,099 |
| Calculated taxation equivalents | 130 | 131 |
| Other expenses | 1,011 | 539 |
| Total expenses from continuing operations | 8,099 | 7,420 |
| Surplus (deficit) from continuing operations before capital amounts | 3,104 | 2,934 |
| Surplus (deficit) from continuing operations after capital amounts | 3,104 | 2,934 |
| Surplus (deficit) from all operations before tax | 3,104 | 2,934 |
| Less: corporate taxation equivalent [based on result before capital] | (807) | (734) |
| Surplus (deficit) after tax | 2,297 | 2,200 |
| Plus accumulated surplus Plus adjustments for amounts unpaid: | 18,439 | 16,025 |
| Taxation equivalent payments | 130 | 131 |
| – Corporate taxation equivalent Less: | 807 | 734 |
| Dividend paid (distribution to the general fund) | (511) | (651) |
| Closing accumulated surplus | 21,162 | 18,439 |
| Return on capital % | 9.7% | 9.2% |

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Kiama Municipal Council | Income Statement of Blue Haven | for the year ended 30 June 2023

Kiama Municipal Council

Income Statement of Blue Haven

for the year ended 30 June 2023

| | 2023 Category 1 | 2022 Category 1 |
|--|--------------------|--------------------|
| \$ '000 | | Restated |
| Income from continuing operations | | |
| User charges and fees | 5.015 | 5.529 |
| Grants and contributions provided for operating purposes | 12,675 | 12,234 |
| Interest and investment income | 409 | 10 |
| Other income - deferred management fees (DMF) | 4,487 | 4,692 |
| Fair value increment - investment property | - | 2,144 |
| Total income from continuing operations | 22,586 | 24,609 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 12,600 | 12,855 |
| Materials and services | 8,294 | 8,543 |
| Borrowing costs | 1,077 | 1,278 |
| Depreciation, amortisation and impairment | 1,064 | 1,322 |
| Calculated taxation equivalents | - | 214 |
| Other expenses | 2,100 | 873 |
| Total expenses from continuing operations | 25,135 | 25,085 |
| Surplus (deficit) from continuing operations before capital amounts | (2,549) | (476) |
| Surplus (deficit) from continuing operations after capital amounts | (2,549) | (476) |
| Surplus (deficit) from all operations before tax | (2,549) | (476) |
| Surplus (deficit) after tax | (2,549) | (476) |
| Plus accumulated surplus Plus adjustments for amounts unpaid: Add: | (476) | - |
| Less: Closing accumulated surplus | (3,025) | (476) |
| Return on capital % | (2.2)% | 1.2% |
| Subsidy from Council | 1,472 | - |

Page 5 of 14

Kiama Municipal Council | Income Statement of Commercial Waste and Plant Hire Activities | for the year ended 30 June 2023

Kiama Municipal Council

Income Statement of Commercial Waste and Plant Hire Activities

for the year ended 30 June 2023

| \$ '000 | 2023 Category 2 | 2022 Category 2 Restated |
|--|--------------------|--------------------------------|
| Income from continuing operations | | |
| User charges ' | 3,222 | 3,323 |
| Other income | 109 | 67 |
| Total income from continuing operations | 3,331 | 3,390 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs # | 1,312 | 1,169 |
| Materials and services # | 1,320 | 1,123 |
| Depreciation, amortisation and impairment | 312 | 393 |
| Calculated taxation equivalents | 72 | 27 |
| Total expenses from continuing operations | 3,016 | 2,712 |
| Surplus (deficit) from continuing operations before capital amounts | 315 | 678 |
| Surplus (deficit) from continuing operations after capital amounts | 315 | 678 |
| Surplus (deficit) from all operations before tax | 315 | 678 |
| Less: corporate taxation equivalent [based on result before capital] | (82) | _ |
| Surplus (deficit) after tax | 233 | 678 |
| Plus accumulated surplus Plus adjustments for amounts unpaid: | 1,414 | 709 |
| – Taxation equivalent payments | 72 | 27 |
| – Corporate taxation equivalent | 82 | _ |
| Closing accumulated surplus ** | 1,801 | 1,414 |
| Return on capital % | 29.9% | 49.7% |
| Subsidy from Council | - | 463 |

(#) Restated to recognise previously omitted Hire Service Expense incurred in the previous year.

(*) Restated to recognise previously unrecorded Hire Service Income earned in the prior year.

Kiama Municipal Council | Income Statement of The Pavillion | for the year ended 30 June 2023

Kiama Municipal Council

Income Statement of The Pavillion

for the year ended 30 June 2023

| \$ '000 | 2023 Category 2 | 2022 Category 2 |
|---|--------------------|--------------------|
| Income from continuing operations | | |
| Fees | 685 | 367 |
| Total income from continuing operations | 685 | 367 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 204 | 179 |
| Materials and services | 431 | 275 |
| Depreciation, amortisation and impairment | 87 | 116 |
| Calculated taxation equivalents | 22 | 9 |
| Total expenses from continuing operations | 744 | 579 |
| Surplus (deficit) from continuing operations before capital amounts | (59) | (212) |
| Surplus (deficit) from continuing operations after capital amounts | (59) | (212) |
| Surplus (deficit) from all operations before tax | (59) | (212) |
| Surplus (deficit) after tax | (59) | (212) |
| Plus accumulated surplus Plus adjustments for amounts unpaid: | (203) | - |
| – Taxation equivalent payments Add: Less: | 22 | 9 |
| Closing accumulated surplus | (240) | (203) |
| Return on capital % | (0.9)% | (4.3)% |
| Subsidy from Council | 59 | 212 |

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Kiama Municipal Council | Statement of Financial Position of Holiday Parks | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Financial Position of Holiday Parks

as at 30 June 2023

| \$ '000 | 2023 Category 1 | 2022 Category 1 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,198 | 446 |
| Receivables | 2,697 | 293 |
| Total current assets | 3,895 | 739 |
| Non-current assets | | |
| Infrastructure, property, plant and equipment | 32,712 | 33,063 |
| Total non-current assets | 32,712 | 33,063 |
| Total assets | 36,607 | 33,802 |
| LIABILITIES Current liabilities | | |
| | 500 | 540 |
| Borrowings Payables | 500 252 | 518 223 |
| Employee benefit provisions | 31 | 57 |
| Total current liabilities | | 798 |
| Non-current liabilities | | |
| Borrowings | 2,750 | 3,250 |
| Total non-current liabilities | 2,750 | 3,250 |
| Total liabilities | 3,533 | 4,048 |
| Net assets | 33,074 | 29,754 |
| EQUITY | | |
| Accumulated surplus | 21,162 | 18,439 |
| Revaluation reserves | 11,912 | 11,315 |
| Total equity | 33,074 | 29,754 |

Page 8 of 14

Kiama Municipal Council | Statement of Financial Position of Blue Haven | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Financial Position of Blue Haven as at 30 June 2023

| SSETS urrent assets | 7,613 | |
|---|---------|---------|
| | 7,613 | |
| | 7,613 | |
| ash and cash equivalents | | 5,823 |
| eceivables | 426 | 540 |
| otal current assets | 8,039 | 6,363 |
| on-current assets | | |
| eceivables | 197 | 191 |
| frastructure, property, plant and equipment | 66,604 | 68,623 |
| vestment property | 124,950 | 124,950 |
| otal non-current assets | 191,751 | 193,764 |
| otal assets | 199,790 | 200,127 |
| IABILITIES urrent liabilities | | |
| ayables | 131,515 | 133,818 |
| mployee benefit provisions | 1,585 | 1,822 |
| ther | 56 | 183 |
| otal current liabilities | 133,156 | 135,823 |
| on-current liabilities | | |
| orrowings | 14,406 | 44,537 |
| tercompany Loan | 37,322 | 6,057 |
| mployee benefit provisions | 146 | 153 |
| otal non-current liabilities | 51,874 | 50,747 |
| otal liabilities | 185,030 | 186,570 |
| let assets | 14,760 | 13,557 |
| QUITY | | |
| etained earnings | (3,025) | (476) |
| evaluation reserves | 17,785 | 14,033 |
| otal equity | 14,760 | 13,557 |

Page 9 of 14

Kiama Municipal Council | Statement of Financial Position of Commercial Waste and Plant Hire Activities | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Financial Position of Commercial Waste and Plant Hire Activities as at 30 June 2023

| \$ '000 | Notes | 2023 Category 2 | 2022 Category 2 Restated |
|---|-------|--------------------|--------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Receivables * | | 1,456 | 1,152 |
| Total current assets | | 1,456 | 1,152 |
| Non-current assets | | | |
| Infrastructure, property, plant and equipment | - | 1,052 | 1,363 |
| Total non-current assets | | 1,052 | 1,363 |
| Total assets | - | 2,508 | 2,515 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Employee benefit provisions | - | 648 | 1,005 |
| Total current liabilities | | 648 | 1,005 |
| Non-current liabilities | | | |
| Employee benefit provisions Total non-current liabilities | - | 59 | 96 |
| Total non-current liabilities | | 59 | 96 |
| Total liabilities | - | 707 | 1,101 |
| Net assets | _ | 1,801 | 1,414 |
| EQUITY | | | |
| Accumulated surplus * | | 1,801 | 1,414 |
| Total equity | - | 1,801 | 1,414 |

(*) Restated to recognize previously unrecorded Hire Service Income and Expenses incurred in the previous year.

Kiama Municipal Council | Statement of Financial Position of The Pavillion | for the year ended 30 June 2023

Kiama Municipal Council

Statement of Financial Position of The Pavillion

as at 30 June 2023

| \$ '000 | 2023 Category 2 | 2022 Category 2 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets | | |
| Receivables | 12 | 15 |
| Total current assets | 12 | 15 |
| Non-current assets | | |
| Infrastructure, property, plant and equipment | 6,543 | 4,921 |
| Total non-current assets | 6,543 | 4,921 |
| Total assets | 6,555 | 4,936 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 11 | 92 |
| Employee benefit provisions | 106 | 179 |
| Total current liabilities | 117 | 271 |
| Total liabilities | 117 | 271 |
| Net assets | 6,438 | 4,665 |
| EQUITY | | |
| Retained earnings | (240) | (203) |
| Revaluation reserves | 6,678 | 4,868 |
| Total equity | 6,438 | 4,665 |

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Kiama Municipal Council | Special Purpose Financial Statements 2023

Note - Significant Accounting Policies

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 Aged Care and Independent Living Units

b. Holiday Parks Caravan and Camping Parks

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

a. Commercial Waste and Hire Services Commercial waste services and commercial plant hire

b. The Pavillion 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 ...

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Kiama Municipal Council | Special Purpose Financial Statements 2023

Note - Significant Accounting Policies (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:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

Kiama Municipal Council | Special Purpose Financial Statements 2023

Kiama Municipal Council

Special Purpose Financial Statements for the year ended 30 June 2023

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Kiama Municipal Council

Special Schedules Financial Statements for the year ended 30 June 2023



Special Schedules for the year ended 30 June 2023

| Contents | Page |
|--|------|
| Special Schedules: | |
| Permissible income for general rates | 3 |
| Report on infrastructure assets as at 30 June 2023 | 5 |

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Kiama Municipal Council | Permissible income for general rates | for the year ended 30 June 2023

Kiama Municipal Council

Permissible income for general rates

| \$ '000 | Notes | Calculation 2022/23 | Calculation 2023/24 |
|--|-------------------------|---------------------|------------------------|
| Notional general income calculation ¹ | | | |
| Last year notional general income yield | а | 19,388 | 19,891 |
| Plus or minus adjustments ² | b | 16 | 37 |
| Notional general income | c = a + b | 19,404 | 19,928 |
| Permissible income calculation | | | |
| Or rate peg percentage | e | 2.50% | 5.10% |
| Less expiring special variation amount | g | _ | (175) |
| Or plus rate peg amount | i = e x (c + g) | 485 | 1,007 |
| Sub-total | k = (c + g + h + i + j) | 19,889 | 20,760 |
| Plus (or minus) last year's carry forward total | I | 7 | (3) |
| Less valuation objections claimed in the previous year | m | (8) | - |
| Sub-total | n = (l + m) | (1) | (3) |
| Total permissible income | o = k + n | 19,888 | 20,757 |
| Less notional general income yield | p | 19,891 | 20,702 |
| Catch-up or (excess) result | q = o - p | (3) | 56 |
| Carry forward to next year ⁶ | t = q + r + s | (3) | 56 |

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).

⁽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.

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

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| or the year ended 30 June 2023 |
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| assets as at 30 Jur |
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Report on infrastructure assets as at 30 June 2023

| | | | Estimated cost to bring to the agreed level of | 2022/23 | 2022/23 | | Gross | Assets | in condi gross re | Assets in condition as a percentage of gross replacement cost | percent ent cost | age of |
|-----------------|--|---|--|-------------------------|-----------------------|------------------------|------------|--------|----------------------|--|---------------------|--------|
| Asset Class | Asset Category | to satisfactory s standard & noon | service set by Council m * 1000 | Required maintenance | Actual maintenance | Net carrying amount | cost (GRC) | • | c | c | | L |
| | | 000 ¢ | 000 ¢ | 000 ¢ | 000 ¢ | 000 ¢ | 000 ¢ | - | v | 2 | 4 | 0 |
| Buildings | Buildings | 1,901 | 1,901 | 820 | 820 | 160,029 | 206,631 | 42.6% | 18.3% | 38.0% | 1.1% | 0.0% |
| | Sub-total | 1,901 | 1,901 | 820 | 820 | 160,030 | 206,631 | 42.6% | 18.3% | 38.0% | 1.1% | 0.0% |
| Other structu | Other structures Other structures | 618 | 618 | 296 | 296 | 6,762 | 13,046 | 38.0% | 5.0% | 52.0% | 3.0% | 2.0% |
| | Sub-total | 618 | 618 | 296 | 296 | 6,762 | 13,046 | 38.0% | 5.0% | 52.0% | 3.0% | 2.0% |
| Roads | Roads | 2,009 | 2,009 | 2,119 | 2,119 | 105,527 | 183,512 | 43.0% | 34.0% | 23.0% | 1.0% | (1.0%) |
| | Bridges | 1,173 | 1,173 | Ι | I | 39,011 | 64,430 | 31.0% | 34.0% | 32.0% | 3.0% | 0.0% |
| | Footpaths | 953 | 953 | 109 | 109 | 9,498 | 15,107 | 40.0% | 22.0% | 32.0% | 4.0% | 2.0% |
| | Bulk earthworks | I | I | Ι | I | 24,345 | 24,345 | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| | Sub-total | 4,135 | 4,135 | 2,228 | 2,228 | 178,382 | 287,394 | 36.5% | 30.5% | 23.5% | 1.5% | 8.0% |
| Stormwater | Stormwater drainage | I | I | 157 | 157 | 40,305 | 57,051 | 24.0% | 70.0% | 5.0% | 0.0% | 1.0% |
| drainage | Sub-total | 1 | 1 | 157 | 157 | 40,305 | 57,051 | 24.0% | 70.0% | 5.0% | 0.0% | 1.0% |
| Open space / | Swimming pools | I | I | 39 | 39 | 833 | 1,208 | 67.0% | 1.0% | 32.0% | 0.0% | 0.0% |
| recreational | Recreation | 1,563 | 1,563 | 1,880 | 1,880 | 3,163 | 6,821 | 25.0% | 22.0% | 29.0% | 23.0% | 1.0% |
| assets | Sub-total | 1,563 | 1,563 | 1,919 | 1,919 | 3,996 | 8,029 | 31.3% | 18.8% | 29.5% | 19.5% | 0.9% |
| Other Assets | Land Improvements - Depreciable | 614 | 614 | I | I | 1,229 | 3,103 | 22.0% | 22.0% | 36.0% | 17.0% | 3.0% |
| | Other Assets - Other | 78 | 78 | Ι | I | 1,259 | 1,751 | 97.0% | 1.0% | %0.0 | 1.0% | 1.0% |
| | Sub-total | 692 | 692 | 1 | | 2,488 | 4,854 | 49.1% | 14.4% | 23.0% | 11.2% | 2.3% |
| | Total – all assets | 8,909 | 8,909 | 5,420 | 5,420 | 391,963 | 577,005 | 37.5% | 29.2% | 27.6% | 1.6% | 4.1% |
| (a) Required ma | (a) Remined maintenance is the amount identified in Council's asset management plans | s asset manageme | ent nlans | | | | | | | | 1 | |

- Infrastructure asset condition assessment 'key' # Condition 1 Excellent/very good 2 Good 3 Satisfactory 4 Poor 5 Very poor

Integrated planning and reporting (IP&R) description No work required (normal maintenance) Only minor maintenance work required Maintenance work required Renewal required Urgent renewal/upgrading required

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Attachment 1

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

| \$ '000 | Amounts 2023 | Indicator 2023 | Indicator 2022 | Benchmark |
|---|-----------------|-------------------|-------------------|-----------|
| Buildings and infrastructure renewals ratio | | | | |
| Asset renewals ^{1, 2} | 11,784 | 444 70% | 42.070/ | > 100 00% |
| Depreciation, amortisation and impairment | 8,139 | 144.78% | 43.07% | > 100.00% |
| Infrastructure backlog ratio | | | | |
| Estimated cost to bring assets to a satisfactory standard | 8,909 | 2.22% | 2.23% | < 2.00% |
| Net carrying amount of infrastructure assets | 401,463 | 2.22 /0 | 2.2370 | < 2.00 % |
| Asset maintenance ratio | | | | |
| Actual asset maintenance | 5,555 | 96.69% | 100.00% | > 100 00% |
| Required asset maintenance | 5,745 | 90.09% | 100.00% | > 100.00% |

 $(\sp{*})~$ 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.

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| Buildings and infrastructure renewals ratio | als ratio | ſ | | Asset maintenance ratio | | | |
|---|----------------|---|---|---|---------------------------|--|--|
| | 144.78 | Buildings and infrastructure renewals ratio | Commentary on result 22/23 ratio 144.78% | 125 100 100.00 | 69.96 | Asset maintenance ratio | Commentary on result 22/23 ratio 96.69% |
| 43.07 | 2023 | To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating. | In order to maintain financial excrete to maintain financial destrease its overal capital expenses in 2022/23 financial year. This was acheved with the exception of Major Road Renewals for Jambero Mountain Road white ver experimed as a result of emergency flood damage. The buildings and infrastructure renewal ratio subsequently has improved. | % 75 Кайо % 25 0 2022 | 2023 | Compares actual vs. required annual asset maintenance. A ratio above 10 indicates obove 10 indicates obove 11 investing roough funds to stop the infrastructure backlog growing. | Maintenance expenses remain consistent, as a result, the ratio did not change in 2022/23 financial year. |
| Benchmark: | | | Ratio achieves benchmark | Benchmark: | | | Ratio achieves benchmark |
| source of benchmark: Loole of Accounting Fractice and Financial Reporting Infrastructure backlog ratio | Practice and r | Financial Keporting | Katio is outside benchmark Commentary on result | source of pendimark. Code of Accounting Practice and Financial Keporing | counting Practice and Fil | nancial Keporting | ratio is outside perchmark |
| 2.23 | 2.22 | Infrastructure backlog ratio | 22/23 ratio 2.22% | | | | |
| 2022 | 2023 | This ratio shows what proportion the backlog is against the total value of a Council's infrastructure. | Backlog was not reassessed during 20223 financial year and there was no significant change in backlog ratio in 2022/23 financial year. | | | | |
| Benchmark: — < 2.00% | | | Ratio achieves benchmark | | | | |
| Source of benchmark: Code of Accounting Practice and Financial Reporting | Practice and F | Financial Reporting | Ratio is outside benchmark | | | | |
| | | | | | | | Page 7 of 8 |

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Item 18.1 - 2022-23 Annual Financial Statements

| for the year ended 30 June 2023 |
|-----------------------------------|
| ructure assets as at 30 June 2023 |
| I Report on infrastructur |
| Kiama Municipal Council |

Report on infrastructure assets as at 30 June 2023

| Infrastructure asset performance indicators (by fund) | | | |
|--|-------------------------|------------------|-----------------------|
| 000. \$ | General fund 2023 20 | fund 2022 | Benchmark |
| Buildings and infrastructure renewals ratio Asset renewals ¹ Depreciation, amortisation and impairment | 144.78% | 43.07% | > 100.00% |
| Infrastructure backlog ratio Estimated cost to bring assets to a satisfactory standard Net carrying amount of infrastructure assets | 2.22% | 2.23% | < 2.00% |
| Asset maintenance ratio Actual asset maintenance Required asset maintenance | 93.74% | 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 | 1.54% | 1.64% | |
| (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. | on of new assets (or | the refurbishmen | t of old assets) that |

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