

ITEM 12 OCTOBER 2024 FINANCIALS

The financial result for October 2024 compared to budget is favourable for the Operating Result [pre-capital] \$2.1M. Funds Available from Operations was favourable compared to budget \$0.2M and the Total Funds Result, favourable \$2.1M compared to budget. These results are inclusive of the proposed budget adjustments included in the September Quarterly Review to be adopted by Council and represented by the Revised Budget figures in the reporting below.

The Statement of Financial Position at the end of the period indicates that there is sufficient cash to support external restrictions.

Council has expended \$31.3M on its capital works program representing 29.6% of the annual budget. The budget for the same period was \$35.2M. The second Quarter Capital Budget adjustments will be approved through the December Quarterly Review process.

RECOMMENDATION

The financials be received and noted.

REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer

Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

ATTACHMENTS

- Financial Statements - October 2024

BACKGROUND

This report presents the Financial Performance of the organisation as at October 2024. The below table provides a summary of the organisation's overall financial results for the year to date.

Wollongong City Council	Original	Revised	YTD	YTD	
25 October 2024	Budget	Budget	Forecast	Actual	Variation
Forecast Position	\$M	\$M	\$M	\$M	\$M
	1-Jul	25-Oct	25-Oct	25-Oct	
Operating Revenue	368.1	357.4	105.7	107.0	1.4
Operating Costs	(354.2)	(369.2)	(119.8)	(119.1)	0.7
Operating Result [Pre Capital]	13.9	(11.8)	(14.1)	(12.1)	2.1
Capital Grants & Contributions	27.5	30.4	7.6	8.2	0.6
Operating Result	41.3	18.7	(6.5)	(3.9)	2.6
Funds Available from Operations	66.3	49.7	14.3	14.5	0.2
Capital Works	106.0	105.9	35.2	31.3	3.9
Contributed Assets	7.0	7.0	0.0	-	0.0
Transfer to Restricted Cash	2.6	2.6	0.7	0.7	-
Borrowings Repaid	0.7	0.7	0.7	0.7	-
Funded from:					
- Operational Funds	66.3	49.7	14.3	14.5	0.2
- Other Funding	49.2	49.6	12.4	10.5	(1.9)
Total Funds Surplus/(Deficit)	(0.8)	(16.8)	(9.8)	(7.7)	2.1

FINANCIAL PERFORMANCE

The October 2024 Operating Result [pre-capital] deficit of \$12.1M is a favourable variance of \$2.1M compared to the budget deficit of \$14.1M.

The Operating Result deficit of \$3.9M is a favourable variance of \$2.6M compared to budget.

The Funds Available from Operations result is favourable by \$0.2M compared to phased budget. This result excludes the non-cash variations and transfers to and from Restricted Assets but includes the variation in cash payments for Employee Entitlements. This result best represents the operational budget variations that impact our funding position and current financial capacity.

The Total Funds result as at 25 October 2024 is a favourable variance of \$2.1M compared to phased budget.

At the end of October, the Capital Works Program had an expenditure of \$31.3M compared to a budget of \$35.2M.

FINANCIAL POSITION

Cash, Investments & Available Funds

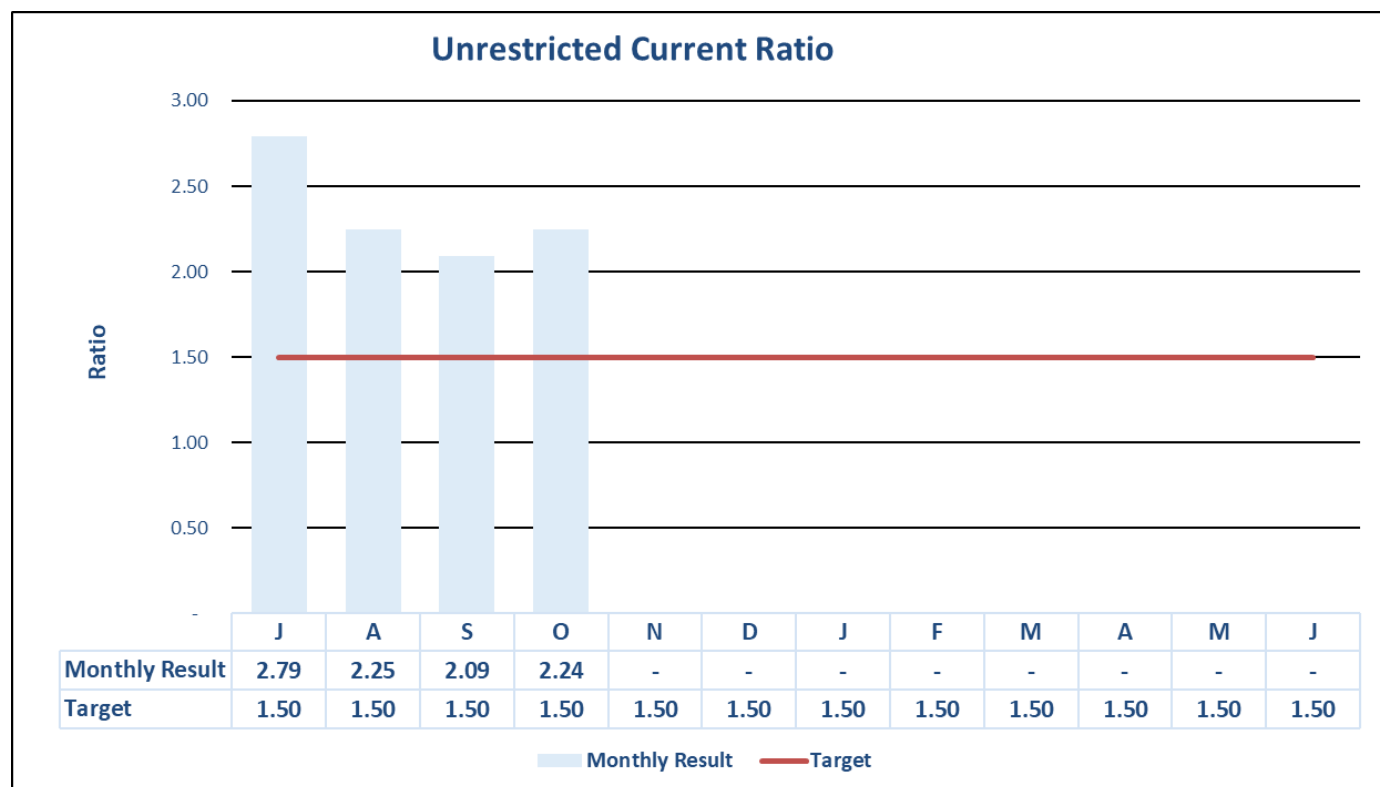
Council's cash and investments decreased during October 2024 to holdings of \$181.8M compared to \$199.0M at the end of September 2024. A significant portion of these funds are subject to restriction meaning they can only be utilised for specific purposes. As a result, Council's true available cash position is more accurately depicted by considering available funds that are uncommitted and not subject to restriction.

Wollongong City Council 25 October 2024 Cash, Investments and Available Funds				
	Actual 2023/24	Original Budget 2024/25	Revised Budget 2024/25	Actuals YTD October 2024
	\$M	\$M	\$M	\$M
Total Cash and Investments	179.5	186.1	200.7	181.8
Less Restrictions:				
External	86.9	80.0	93.7	91.1
Internal	68.7	86.6	90.4	68.8
CivicRisk Investment	3.1			3.1
Total Restrictions	158.7	166.6	184.0	163.0
Available Cash	20.8	19.5	16.7	18.8
Adjusted for :				
Payables	(22.3)	(29.3)	(30.7)	(37.4)
Receivables	32.4	28.6	28.0	40.9
Other	10.5	(2.4)	1.9	11.8
Net Payables & Receivables	20.6	(3.1)	(0.8)	15.2
Available Funds	41.4	16.4	15.9	34.0

External restrictions are funds that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be used for a specific future purpose, although Council may vary that use by resolution of Council. Further details on the internal and external restrictions can be found in the Cash Flow Statement (Attachment 1).

The level of cash and investments in Council's available funds position is still above the Financial Strategy target range of 3.5% to 5.5% of operational revenue (pre-capital) due to the impact of the early payment of the Financial Assistance Grant. The decrease in cash and investments is in line with anticipated cash flows.

The Unrestricted Current Ratio measures the Council's liquidity position or ability to meet short term obligations as they fall due. The below graph reflects Council's performance against the Local Government benchmark of greater than 1.5 times.



Borrowings

Council has no outstanding loans as at 25 October 2024. Council's Financial Strategy includes provision for additional borrowing in the future and Council will consider borrowing opportunities from time to time to bring forward the completion of capital projects where immediate funding is not available.

Infrastructure, Property, Plant & Equipment

The Statement of Financial Position shows \$4.06B of Property, Plant and Equipment at net carrying value, and gross replacement cost \$6.9B (excluding \$117M in Work In Progress) that are controlled and managed by Council on behalf of the community at 25 October 2024.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 Goal 4 "We are a connected and engaged community". It specifically delivers on the following:

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
4.8 Council's resources are managed effectively to ensure long term financial sustainability.	Financial Services

CONCLUSION

The financial result impacted key financial indicators at the end of October through a favourable result for *Total Funds Result Budget versus Actual*.

Wollongong City Council 1 July 2024 to 25 October 2024 Income Statement					
	2024/25 Original Budget \$'000	2024/25 Revised Budget \$'000	2024/25 YTD Budget \$'000	2024/25 Actual YTD \$'000	Variance \$'000
Income From Continuing Operations					
Revenue:					
Rates and Annual Charges	247,048	247,535	79,347	79,340	(7)
User Charges and Fees	39,990	39,938	12,281	12,218	(63)
Interest and Investment Revenues	6,197	8,597	2,853	3,573	720
Other Revenues	6,074	6,721	2,320	2,348	28
Rental Income	7,028	7,027	2,190	2,356	167
Grants & Contributions provided for Operating Purposes	33,212	19,100	6,584	7,129	545
Grants & Contributions provided for Capital Purposes	27,454	30,445	7,641	8,219	577
Other Income:	0	0	0	0	0
Profit/Loss on Disposal of Assets	28,516	28,516	64	64	0
Total Income from Continuing Operations	395,519	387,880	113,280	115,247	1,968
Expenses From Continuing Operations					
Employee Costs	164,095	164,726	54,096	52,222	1,874
Borrowing Costs	557	1,055	338	352	(13)
Materials & Services	102,189	103,118	33,513	31,346	2,167
Other Expenses	24,257	25,804	8,414	9,185	(770)
Depreciation, Amortisation + Impairment	87,113	98,773	31,661	31,329	332
Labour Internal Charges	(21,690)	(21,964)	(7,446)	(4,763)	(2,683)
Non-Labour Internal Charges	(2,323)	(2,323)	(745)	(530)	(214)
Total Expenses From Continuing Operations	354,198	369,190	119,833	119,140	693
Operating Result	41,322	18,690	(6,554)	(3,893)	2,660
Operating Result [pre capital]	13,868	(11,756)	(14,195)	(12,112)	2,083
Funding Statement					
Net Operating Result for the Year	41,322	18,690	(6,554)	(3,893)	2,660
Add back :					
- Non-cash Operating Transactions	106,241	118,863	38,445	37,298	(1,148)
- Restricted cash used for operations	14,601	16,977	5,863	5,923	61
- Income transferred to Restricted Cash	(79,972)	(88,942)	(18,299)	(18,605)	(306)
Leases Repaid	(132)	(132)	(42)	(170)	(127)
Payment of Employee Entitlements	(15,763)	(15,763)	(5,124)	(6,062)	(938)
Funds Available from Operations	66,297	49,694	14,290	14,492	202
Loans Repaid	(656)	(656)	(656)	(657)	(1)
Advances (made by) / repaid to Council	0	0	0	0	0
Operational Funds Available for Capital Budget	65,642	49,038	13,634	13,835	201
Capital Budget Statement					
Assets Acquired	(105,995)	(105,855)	(35,169)	(31,274)	3,895
Contributed Assets	(7,014)	(7,014)	(0)	0	0
Transfers to Restricted Cash	(2,607)	(2,607)	(674)	(681)	(6)
Funded From :-					
- Operational Funds	65,642	49,038	13,634	13,835	201
- Sale of Assets	3,550	3,550	873	474	(398)
- Internally Restricted Cash	13,920	13,990	4,509	3,811	(698)
- Borrowings	0	0	0	0	0
- Capital Grants	15,875	16,501	4,000	3,802	(198)
- Developer Contributions (Section 94)	5,135	4,678	1,767	1,358	(409)
- Other Externally Restricted Cash	1,547	1,931	635	345	(290)
- Other Capital Contributions	9,161	8,990	663	665	2
TOTAL FUNDS SURPLUS / (DEFICIT)	(788)	(16,799)	(9,763)	(7,664)	2,099

WOLLONGONG CITY COUNCIL

Statement of Financial Position
as at 25 October 2024

	YTD Actual 2024/25 \$'000	Actual 2023/24 \$'000
Current Assets		
Cash Assets	28,212	44,900
Investment Securities	131,434	116,457
Receivables	40,869	32,372
Inventories	6,564	6,524
Current Contract Assets	6,682	10,771
Other	9,070	3,561
Assets classified as held for sale	0	0
Total Current Assets	222,831	214,585
Non-Current Assets		
Non Current Cash Assets	19,000	15,000
Non Current Investment Securities	3,117	3,117
Non-Current Inventories	0	0
Property, Plant and Equipment	4,055,652	4,056,151
Investment Properties	5,100	5,100
Intangible Assets	0	0
Right-Of-Use Assets	1,182	1,332
Total Non-Current Assets	4,084,051	4,080,700
TOTAL ASSETS	4,306,882	4,295,285
Current Liabilities		
Current Payables	37,394	22,273
Current Contract Liabilities	13,770	12,543
Current Lease Liabilities	304	460
Current Provisions payable < 12 months	18,328	18,706
Current Provisions payable > 12 months	42,119	42,119
Current Interest Bearing Liabilities	0	657
Total Current Liabilities	111,915	96,758
Non-Current Liabilities		
Non Current Interest Bearing Liabilities	0	0
N/C Lease Liabilities	963	963
Non Current Provisions	50,020	49,685
Total Non-Current Liabilities	50,983	50,648
TOTAL LIABILITIES	162,899	147,406
NET ASSETS	4,143,983	4,147,879
Equity		
Accumulated Surplus	1,527,360	1,534,631
Asset Revaluation Reserve	2,466,356	2,466,361
Restricted Assets	150,268	146,887
TOTAL EQUITY	4,143,983	4,147,879

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 25 October 2024			
	YTD Actual 2024/25 \$ '000	Actual 2023/24 \$ '000	
Cash Flows From Operating Activities			
Receipts			
Rates & Annual Charges	86,504	232,873	
User Charges & Fees	17,552	42,526	
Interest & Interest Received	3,655	8,575	
Grants & Contributions	22,036	68,654	
Bonds, deposits and retention amounts received	97	886	
Other	3,619	29,432	
Payments			
Employee Benefits & On-costs	(48,005)	(142,434)	
Materials & Contracts	(35,356)	(138,853)	
Borrowing Costs	(17)	(127)	
Bonds, deposits and retention amounts refunded	-	(1,352)	
Other	(12,753)	1,578	
Net Cash provided (or used in) Operating Activities	37,332	101,758	
Cash Flows From Investing Activities			
Receipts			
Sale of Investments	7,778	37,813	
Sale of Investment Property			
Sale of Real Estate Assets			
Sale of Infrastructure, Property, Plant & Equipment	474	848	
Payments:			
Purchase of Investments	(27,508)	(38,090)	
Purchase of Investment Property	-		
Purchase of Infrastructure, Property, Plant & Equipment	(33,950)	(98,797)	
Net Cash provided (or used in) Investing Activities	(53,206)	(98,226)	
Cash Flows From Financing Activities			
Payments:			
Repayment of Borrowings & Advances	(657)	(2,572)	
Repayment of Finance Lease Liabilities	(156)	(431)	
Net Cash Flow provided (used in) Financing Activities	(813)	(3,003)	
Net Increase/(Decrease) in Cash & Cash Equivalents	(16,687)	529	
plus: Cash & Cash Equivalents - beginning of year	44,900	44,371	
plus: Investments on hand - end of year	153,551	134,574	
Cash & Cash Equivalents and Investments - year to date	181,763	179,474	

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 25 October 2024			
	YTD Actual 2024/25 \$ '000	Actual 2023/24 \$ '000	
Total Cash & Cash Equivalents and Investments - year to date	181,763	179,474	
Attributable to:			
External Restrictions (refer below)	91,108	86,881	
Internal Restrictions (refer below)	68,760	68,674	
Unrestricted	21,895	26,564	
	181,763	179,474	
External Restrictions			
Developer Contributions	61,502	55,949	
RMS Contributions	1,614	422	
Specific Purpose Unexpended Grants	10,465	11,730	
Special Rates Levy Wollongong Mall	1,034	962	
Special Rates Levy Wollongong City Centre	94	94	
Local Infrastructure Renewal Scheme	-	-	
Unexpended Loans	940	924	
Domestic Waste Management	3,767	5,321	
Private Subsidies	7,193	6,943	
Housing Affordability	3,070	3,029	
Stormwater Management Service Charge	1,429	1,507	
Total External Restrictions	91,108	86,881	
Internal Restrictions			
Property Investment Fund	5,492	5,396	
Strategic Projects	32,182	32,991	
Sports Priority Program	768	524	
Car Parking Strategy	1,319	1,223	
MacCabe Park Development	2,088	2,040	
Darcy Wentworth Park	18	18	
Garbage Disposal Facility	10,746	10,854	
West Dapto Development	15,429	14,927	
Natural Areas	173	173	
Lake Illawarra Estuary Management Fund	545	528	
Total Internal Restrictions	68,760	68,674	

Notes to the Financial Statements:

While reviewing the information presented through this report, it should be noted that Council has elected to process additional transactions that vary from the accounting standards applied to year end reports to ensure the information at monthly intervals provides support to the decision-making and monitoring process. These transactions are summarised below:

- Timing of the recognition of Rates income – under AASB 1058, the Rates income is required to be recognised when it is raised. Through the monthly financial reports, the income has been spread across the financial year.
- Timing of the recognition of Financial Assistance Grant – under AASB 1058, the Financial Assistance Grant is required to be recognised on receipt. Through these financial reports, the income is spread across the financial year.