

ITEM 8 FEBRUARY 2025 FINANCIALS

The financial result for February 2025 compared to budget is favourable for the Operating Result [pre-capital] \$2.4M. Funds Available from Operations was unfavourable compared to budget \$4.3M and the Total Funds Result favourable \$1.6M compared to budget.

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

Council has expended \$57.1M on its capital works program representing 55.5% of the annual budget. The budget for the same period was \$60.8M. The third Quarter Capital Budget adjustments will be approved through the March 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 - February 2025

BACKGROUND

This report presents the Financial Performance of the organisation as at 28 February 2025. 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	
28 February 2025	Budget	Budget	Forecast	Actual	Variation
Forecast Position	\$M	\$M	\$M	\$M	\$M
	1-Jul	28-Feb	28-Feb	28-Feb	
Operating Revenue	368.1	356.5	217.2	219.5	2.3
Operating Costs	(354.2)	(376.9)	(252.1)	(252.0)	0.1
Operating Result [Pre Capital]	13.9	(20.5)	(34.9)	(32.5)	2.4
Capital Grants & Contributions	27.5	31.0	15.5	17.1	1.6
Operating Result	41.3	10.5	(19.4)	(15.4)	4.0
Funds Available from Operations	66.3	49.2	35.2	30.9	(4.3)
Capital Works	106.0	102.8	60.8	57.1	3.7
Contributed Assets	7.0	7.0	(0.0)	-	(0.0)
Transfer to Restricted Cash	2.6	31.1	1.4	1.4	-
Borrowings Repaid	0.7	0.7	0.7	0.7	-
Funded from:					
- Operational Funds	66.3	49.2	35.2	30.9	(4.3)
- Other Funding	49.2	75.6	15.5	17.7	2.2
Total Funds Surplus/(Deficit)	(0.8)	(16.8)	(12.1)	(10.5)	1.6

FINANCIAL PERFORMANCE

The February 2025 Operating Result [pre-capital] deficit of \$32.5M is a favourable variance of \$2.4M compared to the budget deficit of \$34.9M.

The Operating Result deficit of \$15.4M is a favourable variance of \$4M compared to budget.

The Funds Available from Operations result is unfavourable by \$4.3M 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 28 February 2025 is a favourable variance of \$1.6M compared to phased budget.

The Funds Available from Operations variation includes the impacts of the April natural disaster and additional EPA levy associated with construction materials brought on site at the Waste Facility. A claim for the EPA levy associated with the construction material has been lodged however it has not been approved at this stage. The continuing impact of the Natural Disaster is not fully known, and work continues on substantiating external funding opportunities that may be available to offset associated expenses.

At the end of February, the Capital Works Program had an expenditure of \$57.1M compared to a budget of \$60.8M.

FINANCIAL POSITION

Cash, Investments & Available Funds

Council's cash and investments increased during February 2025 to holdings of \$199.9M compared to \$180.7M at the end of January 2025. 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.

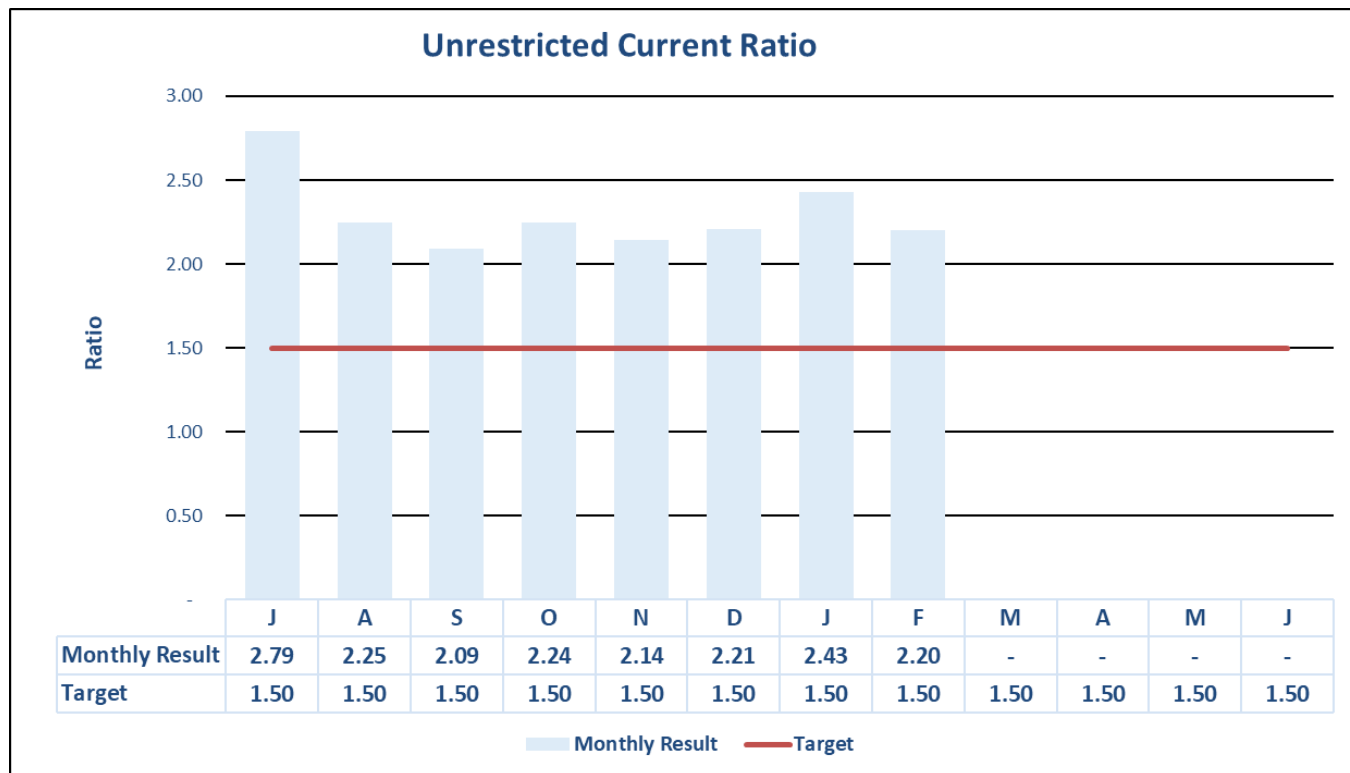
Wollongong City Council 28 February 2025 Cash, Investments and Available Funds				
	Actual 2023/24	Original Budget	Revised Budget	Actuals YTD
	\$M	2024/25	2024/25	February 2025
		\$M	\$M	\$M
Total Cash and Investments	179.5	186.1	202.6	199.9
Less Restrictions:				
External	86.9	80.0	94.2	100.5
Internal	68.7	86.6	90.9	68.2
CivicRisk Investment	3.1			3.1
Total Restrictions	158.7	166.6	185.2	171.8
Available Cash	20.8	19.5	17.4	28.0
Adjusted for :				
Payables	(22.3)	(29.3)	(31.4)	(33.6)
Receivables	32.4	28.6	28.0	27.3
Other	10.5	(2.4)	1.9	9.2
Net Payables & Receivables	20.6	(3.1)	(1.5)	3.0
Available Funds	41.4	16.4	15.9	31.0

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 28 February 2025. 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 \$4.04B of Property, Plant and Equipment at net carrying value, and gross replacement cost \$7B (excluding \$117M in Work In Progress) that are controlled and managed by Council on behalf of the community at 28 February 2025.

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 February through a favourable result for *Total Funds Result Budget versus Actual*.

Wollongong City Council
1 July 2024 to 28 February 2025
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	164,767	165,007	240
User Charges and Fees	39,990	37,523	25,066	26,849	1,783
Interest and Investment Revenues	6,197	9,707	6,470	7,299	829
Other Revenues	6,074	6,956	4,622	4,974	352
Rental Income	7,028	7,025	4,495	4,499	4
Grants & Contributions provided for Operating Purposes	33,212	19,210	13,979	13,120	(859)
Grants & Contributions provided for Capital Purposes	27,454	30,955	15,459	17,070	1,611
Other Income:	0	0	0	0	0
Profit/Loss on Disposal of Assets	28,516	28,516	(2,253)	(2,253)	(0)
Total Income from Continuing Operations	395,519	387,427	232,605	236,565	3,960
Expenses From Continuing Operations					
Employee Costs	164,095	165,700	109,394	111,098	(1,704)
Borrowing Costs	557	1,055	703	701	2
Materials & Services	102,189	111,583	75,290	67,164	8,126
Other Expenses	24,257	24,504	16,652	18,364	(1,713)
Depreciation, Amortisation + Impairment	87,113	98,249	65,410	65,470	(60)
Labour Internal Charges	(21,690)	(21,853)	(13,858)	(9,821)	(4,037)
Non-Labour Internal Charges	(2,323)	(2,301)	(1,532)	(986)	(546)
Total Expenses From Continuing Operations	354,198	376,937	252,057	251,989	68
Operating Result	41,322	10,489	(19,452)	(15,424)	4,028
Operating Result [pre capital]	13,868	(20,466)	(34,911)	(32,494)	2,417
Funding Statement					
Net Operating Result for the Year	41,322	10,489	(19,452)	(15,424)	4,028
Add back :					
- Non-cash Operating Transactions	106,241	96,972	88,209	85,828	(2,381)
- Restricted cash used for operations	14,601	18,771	12,818	10,628	(2,190)
- Income transferred to Restricted Cash	(79,972)	(60,780)	(35,774)	(35,989)	(215)
Leases Repaid	(132)	(496)	(330)	(338)	(8)
Payment of Employee Entitlements	(15,763)	(15,763)	(10,254)	(13,834)	(3,579)
Funds Available from Operations	66,297	49,193	35,216	30,871	(4,345)
Loans Repaid	(656)	(656)	(656)	(657)	(0)
Advances (made by) / repaid to Council	0	0	0	0	0
Operational Funds Available for Capital Budget	65,642	48,537	34,559	30,214	(4,346)
Capital Budget Statement					
Assets Acquired	(105,995)	(102,791)	(60,779)	(57,102)	3,677
Contributed Assets	(7,014)	(7,014)	0	0	(0)
Transfers to Restricted Cash	(2,607)	(31,123)	(1,413)	(1,413)	0
Funded From :-					
- Operational Funds	65,642	48,537	34,559	30,214	(4,346)
- Sale of Assets	3,550	32,066	2,433	1,294	(1,139)
- Internally Restricted Cash	13,920	14,006	2,096	5,646	3,549
- Borrowings	0	0	0	0	0
- Capital Grants	15,875	15,276	6,794	6,742	(52)
- Developer Contributions (Section 94)	5,135	3,521	2,114	2,235	121
- Other Externally Restricted Cash	1,547	2,631	1,410	1,164	(246)
- Other Capital Contributions	9,161	8,086	679	682	4
TOTAL FUNDS SURPLUS / (DEFICIT)	(788)	(16,805)	(12,107)	(10,540)	1,567

WOLLONGONG CITY COUNCIL

**Statement of Financial Position
as at 28 February 2025**

		YTD Actual 2024/25 \$'000	Actual 2023/24 \$'000
Current Assets			
Cash Assets		54,871	44,900
Investment Securities		115,863	116,457
Receivables		27,332	32,372
Inventories		6,533	6,524
Current Contract Assets		7,705	10,771
Other		7,048	3,561
Assets classified as held for sale		0	0
Total Current Assets		219,351	214,585
Non-Current Assets			
Non Current Cash Assets		26,000	15,000
Non Current Investment Securities		3,117	3,117
Non-Current Inventories		0	0
Property, Plant and Equipment		4,039,071	4,056,151
Investment Properties		5,100	5,100
Intangible Assets		0	0
Right-Of-Use Assets		1,020	1,332
Total Non-Current Assets		4,074,307	4,080,700
TOTAL ASSETS		4,293,659	4,295,285
Current Liabilities			
Current Payables		33,562	22,273
Current Contract Liabilities		17,169	12,543
Current Lease Liabilities		150	460
Current Provisions payable < 12 months		16,888	18,706
Current Provisions payable > 12 months		42,119	42,119
Current Interest Bearing Liabilities		0	657
Total Current Liabilities		109,888	96,758
Non-Current Liabilities			
Non Current Interest Bearing Liabilities		0	0
N/C Lease Liabilities		963	963
Non Current Provisions		50,354	49,685
Total Non-Current Liabilities		51,317	50,648
TOTAL LIABILITIES		161,206	147,406
NET ASSETS		4,132,453	4,147,879
Equity			
Accumulated Surplus		1,509,596	1,534,631
Asset Revaluation Reserve		2,465,663	2,466,361
Restricted Assets		157,193	146,887
TOTAL EQUITY		4,132,453	4,147,879

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 28 February 2025			
	YTD Actual 2024/25 \$ '000	Actual 2023/24 \$ '000	
Cash Flows From Operating Activities			
Receipts			
Rates & Annual Charges	183,243	232,873	
User Charges & Fees	23,615	42,526	
Interest & Interest Received	5,885	8,575	
Grants & Contributions	39,728	68,654	
Bonds, deposits and retention amounts received	207	886	
Other	22,129	29,432	
Payments			
Employee Benefits & On-costs	(103,439)	(142,434)	
Materials & Contracts	(77,225)	(138,853)	
Borrowing Costs	(32)	(127)	
Bonds, deposits and retention amounts refunded	-	(1,352)	
Other	(19,946)	1,578	
Net Cash provided (or used in) Operating Activities	74,165	101,758	
Cash Flows From Investing Activities			
Receipts			
Sale of Investments	28,796	37,813	
Sale of Investment Property			
Sale of Real Estate Assets			
Sale of Infrastructure, Property, Plant & Equipment	1,294	848	
Payments:			
Purchase of Investments	(38,000)	(38,090)	
Purchase of Investment Property	-		
Purchase of Infrastructure, Property, Plant & Equipment	(55,316)	(98,797)	
Net Cash provided (or used in) Investing Activities	(63,227)	(98,226)	
Cash Flows From Financing Activities			
Payments:			
Repayment of Borrowings & Advances	(657)	(2,572)	
Repayment of Finance Lease Liabilities	(310)	(431)	
Net Cash Flow provided (used in) Financing Activities	(967)	(3,003)	
Net Increase/(Decrease) in Cash & Cash Equivalents	9,971	529	
plus: Cash & Cash Equivalents - beginning of year	44,900	44,371	
plus: Investments on hand - end of year	144,980	134,574	
Cash & Cash Equivalents and Investments - year to date	199,851	179,474	

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 28 February 2025			
	YTD Actual 2024/25 \$ '000	Actual 2023/24 \$ '000	
Total Cash & Cash Equivalents and Investments - year to date	199,851	179,474	
Attributable to:			
External Restrictions (refer below)	100,484	86,881	
Internal Restrictions (refer below)	68,192	68,674	
Unrestricted	31,175	23,919	
	199,851	179,474	
External Restrictions			
Developer Contributions	65,955	55,949	
RMS Contributions	657	422	
Specific Purpose Unexpended Grants	14,141	11,730	
Special Rates Levy Wollongong Mall	1,027	962	
Special Rates Levy Wollongong City Centre	94	94	
Local Infrastructure Renewal Scheme	-	-	
Unexpended Loans	906	924	
Domestic Waste Management	6,262	5,321	
Private Subsidies	7,513	6,943	
Housing Affordability	3,101	3,029	
Stormwater Management Service Charge	828	1,507	
Total External Restrictions	100,484	86,881	
Internal Restrictions			
Property Investment Fund	5,560	5,396	
Strategic Projects	32,013	32,991	
Sports Priority Program	804	524	
Car Parking Strategy	1,400	1,223	
MacCabe Park Development	2,140	2,040	
Darcy Wentworth Park	18	18	
Garbage Disposal Facility	9,568	10,854	
West Dapto Development	15,979	14,927	
Natural Areas	173	173	
Lake Illawarra Estuary Management Fund	537	528	
Total Internal Restrictions	68,192	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.