

ITEM 8 DECEMBER 2025 FINANCIALS

This report outlines Council’s financial performance against phased budget for the financial year-to-date, as at 26 December 2025. Monthly Financial Reports are provided to support transparency and ongoing monitoring, however, unlike the Quarterly Review, they do not include detailed analysis of full-year or forward-year financial impacts. Where material timing variations arise, monthly results may provide an early indication of potential changes that are considered in detail through the Quarterly Review process.

These reports provide budget variation against the September Quarterly Review and do not yet reflect proposed changes to the budget included in the December Quarterly Review.

The year-to-date financial result compared to budget is favourable for the Operating Result (pre-capital, inclusive of non-funds transactions) by \$9.1M, and Funds Available from Operations by \$3.9M.

The Total Funds Result is favourable to budget by \$16.0M. This result includes the reflection of the timing of capital works delivery within the Infrastructure Delivery Program rather than an improvement in Council’s underlying financial capacity.

Council has expended \$53.9M on its capital works program to date, representing 38.6% of the annual budget, compared with a budgeted year-to-date expenditure of \$70.5M. Variations from budget generally reflect the staging and timing of project delivery rather than changes to the overall scope of Council’s capital program.

A detailed analysis of the variations noted above, including proposed changes to the delivery schedules of specific projects, is provided in the Quarterly Review included elsewhere in Council’s business papers for this meeting.

The Statement of Financial Position at the end of the reporting period indicates that Council holds sufficient cash to meet all externally restricted requirements and planned commitments. Cash balances largely reflect funding received for specific purposes, including capital works, that will be expended as projects progress.

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

- 1 Financial Statements - December 2025

GLOSSARY OF TERMS

Term	Definition
Capital Expenditure	Capital Expenditure refers to the funds the organisation invests in acquiring, constructing, or upgrading long-term assets that will provide benefits over multiple years. These assets are typically infrastructure, property, plant, and equipment. This type of expenditure is capitalised on the balance sheet and depreciated or amortised over the asset’s useful life. In performance reporting, movements in Capital Expenditure often reflect changes in strategic investment programs, asset renewal cycles, or the timing of major projects.
Operating Expenses	Operating Expenses are the ongoing costs required to run business operations within the financial year. These include, but are not limited to, employee expenses, materials and contract expenses, utilities, maintenance, administrative expenses, and other recurrent and non-current spending necessary to deliver services.

BACKGROUND

This report presents the Financial Performance of Council for the financial year to date up to 26 December 2025. The below table provides a summary of the organisation's overall full year financial results.

Wollongong City Council	Original	Revised	YTD	YTD	
26 December 2025	Budget	Budget	Forecast	Actual	Variation
Year to Date Position	\$M	\$M	\$M	\$M	\$M
	1-Jul	26-Dec	26-Dec	26-Dec	
Operating Revenue	348.9	373.7	189.0	191.1	2.1
Operating Costs	(362.2)	(363.1)	(180.5)	(173.5)	7.0
Operating Result [Pre Capital]	(13.3)	10.6	8.5	17.6	9.1
Capital Grants & Contributions	70.2	71.0	34.5	20.3	(14.2)
Operating Result	56.9	81.6	43.0	37.9	(5.2)
Funds Available from Operations	68.7	56.9	25.6	29.5	3.9
Capital Works	139.4	139.4	70.5	53.9	16.6
Contributed Assets	5.9	5.9	-	-	-
Transfer to Restricted Cash	2.8	43.3	41.9	36.0	5.9
Borrowings Repaid	-	-	-	-	-
Funded from:					
- Operational Funds	68.7	56.9	25.6	29.5	3.9
- Other Funding	79.6	112.2	68.0	57.9	(10.1)
Total Funds Surplus/(Deficit)	0.2	(19.5)	(18.8)	(2.8)	16.0

Operating Results

The Operating Result [pre-capital] for December 2025 is a year-to-date surplus of \$17.6M against phased budget, representing a favourable variance of \$9.1M compared to the budgeted surplus of \$8.5M. This result includes non-cash accounting transactions and reflects timing of operational income and expenditure across the financial year.

The Operating Result for the same period is a surplus of \$37.9M, which is an unfavourable variance of \$5.2M compared to budget. This variance is primarily driven by the timing of capital grant income and capital expenditure recognition rather than changes to operational performance.

Funds Results

Funds Available from Operations

Funds Available from Operations is favourable by \$3.9M compared to the year-to-date budget of \$25.6M. This measure excludes non-cash accounting transactions and movements to and from restricted reserves but includes variations in cash payments for employee entitlements. This result provides the clearest indicator of changes to Council's short-term funding position and current financial capacity arising from operational performance.

Total Funds Result

The Total Funds Result as at 26 December 2025 is favourable to budget by \$16.0M. This variance largely reflects the timing of delivery of the capital works program and associated funding receipts rather than the creation of additional discretionary financial capacity.

Capital Works

At the end of December, Council had expended \$53.9M on its Capital Works Program, representing 38.6% of the annual budget, compared with a budgeted year-to-date expenditure of \$70.5M.

The variance reflects the phasing and staging of project delivery, procurement timeframes, and construction scheduling. Detailed analysis of project-level timing changes and proposed revisions to delivery schedules is provided through the Quarterly Review process.

Financial Position

Cash, Investments and Available Funds

Council's cash and investments decreased during December 2025 to \$256.0M, compared to \$272.5M at the end of November 2025, reflecting usual movements in these balances associated with the timing of operational and capital expenditure across the financial year.

Wollongong City Council				
26 December 2025				
Cash, Investments and Available Funds				
	Actual 2024/25 \$M	Original Budget 2025/26 \$M	Revised Budget 2025/26 \$M	Actuals YTD July 2025/26 \$M
Total Cash and Investments	214.5	206.3	243.1	256.0
Less Restrictions:				
External	103.2	105.3	114.9	111.5
Internal	67.6	86.2	103.6	96.9
CivicRisk Investment	3.7			3.7
Total Restrictions	174.5	191.6	218.6	212.1
Available Cash	40.0	14.7	24.6	43.9
Adjusted for :				
Payables	(27.5)	(32.6)	(30.1)	(17.0)
Receivables	30.2	32.7	32.5	8.0
Other	3.8	1.9	(10.1)	8.4
Net Payables & Receivables	6.5	2.0	(7.7)	(0.6)
Available Funds	46.5	16.7	16.8	43.3

A significant portion of Council's cash and investments is subject to external and internal restrictions, meaning these funds can only be utilised for specified purposes or future commitments. Council's true discretionary cash position is, therefore, best assessed by considering Available Funds that are not subject to restriction, albeit these funds are allocated in the budget in line with financial sustainability targets.

External restrictions represent funds that must be expended for a specific purpose and cannot be used for general operating activities. Internal restrictions represent Council-determined allocations for future purposes, which may be varied by resolution of Council. Further detail is provided in the Cash Flow Statement (Attachment 1).

Council's Available Funds position remains above Council's Financial Sustainability Policy target range of 3.5% to 5.5% of Operational Revenue [Pre-capital], indicating that liquidity remains strong. The high balance also reflects timing variations in capital delivery. Other cash movements remain broadly aligned with anticipated cash flows over the financial year.

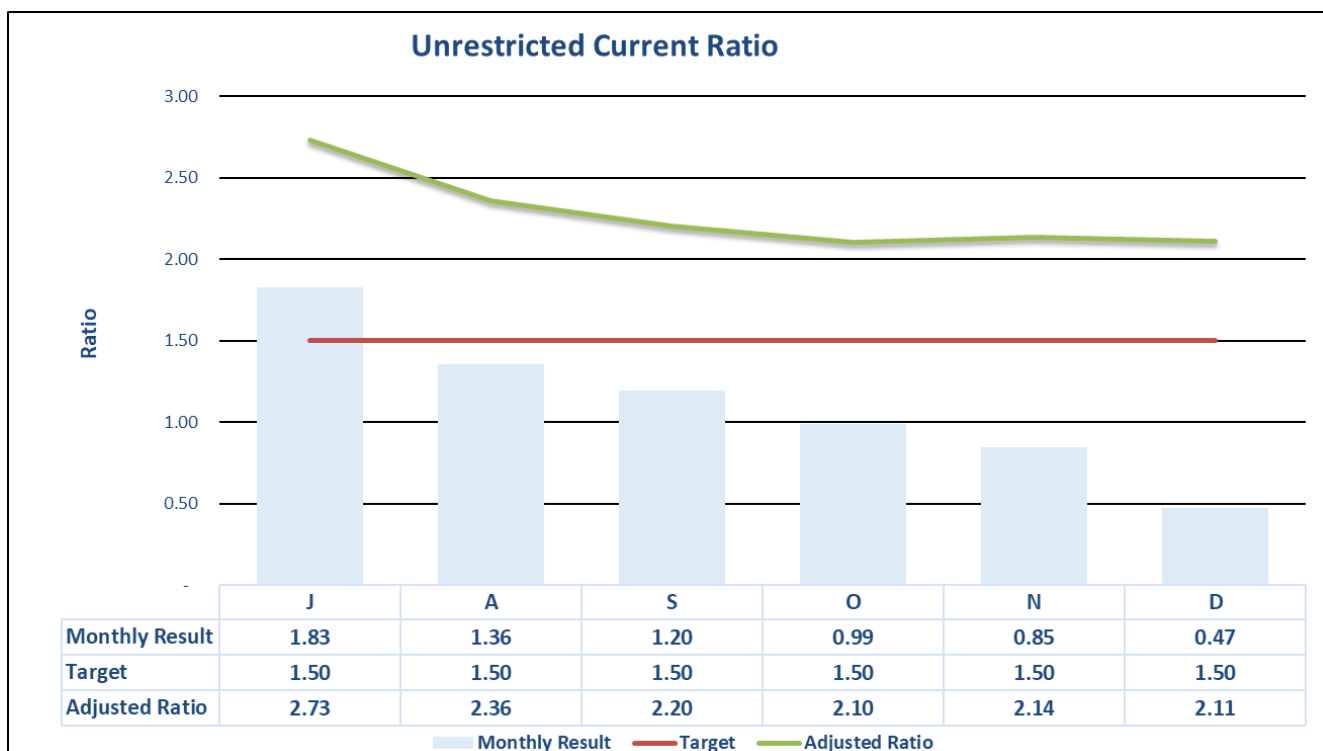
Investment Classification and Liquidity Ratios

As part of the annual review undertaken in June 2025, certain investments were reclassified between current and non-current categories based on their intended holding period, liquidity characteristics and

historical transaction activity. This review resulted in \$47.6M of Floating Rate Notes with maturities greater than 12 months being reclassified from current (liquid) to non-current (not included in this liquidity ratio).

This accounting reclassification reduced the Unrestricted Current Ratio below the published target of 1.5. However, there has been no change to Council’s underlying liquidity of Council, as Floating Rate Notes remain readily tradable and continue to support cash flow management.

An adjusted Unrestricted Current Ratio has been calculated to include the investment securities that have been re-classified to non-current for accounting purposes, showing that for the month of December Council’s ratio sits at 2.11, well above the benchmark of 1.5.



Borrowings

Council has no outstanding loans as at 26 December 2025. Borrowings are not currently identified in the forward estimates and would only be considered where appropriate to manage cash flow timing, support asset investment and maintain intergenerational equity in accordance with Council’s Financial Sustainability Policy and Resource Strategy. An application for subsidised loan borrowings under the New South Wales Government’s *Low-Cost Loans Initiative (LCLI) – Round 4* has been made and if successful would be introduced into future budget variations.

Infrastructure, Property, Plant and Equipment

At 26 December 2025, Council controlled and managed \$4.14B of Infrastructure, Property, Plant and Equipment at net carrying value, with a gross replacement cost of \$7.2B, excluding \$126.8M in Work in Progress. These assets are managed on behalf of the community to support service delivery and long-term sustainability.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2035 Goal 4 *We have a healthy, respectful, and inclusive community*. It specifically delivers on the following:

Community Strategic Plan 2035		Delivery Program 2025-2029
	Strategy	Service
4.14	Council demonstrates responsible leadership that is customer focused, demonstrates respect and inclusion, and uses resources that are managed effectively to ensure long-term sustainability.	Financial Services

CONCLUSION

Council's financial performance to the end of December 2025 reflects a generally favourable year-to-date position across key indicators. The Operating Result (pre-capital) and Funds Available from Operations both show positive variances against the phased budget and the Total Funds Result remains ahead of expectations primarily due to timing differences in the delivery of the capital works program rather than changes in underlying financial capacity.

Capital expenditure to date is below phased budget, reflecting the staging and scheduling of project delivery. These timing variations, along with proposed adjustments to project timelines, are examined in detail in the December Quarterly Review.

Council's Statement of Financial Position confirms that cash and investment balances remain sufficient to meet all externally restricted requirements and planned commitments. Available Funds continue to exceed the Financial Sustainability Policy target range, indicating a strong liquidity position, noting that balances are temporarily elevated due to capital delivery timing.

Wollongong City Council
1 July 2024 to 26 December 2025
Income Statement

	2025/26 Original Budget \$'000	2025/26 Revised Budget \$'000	2025/26 YTD Budget \$'000	2025/26 YTD Actuals \$'000	Variance \$'000
Income From Continuing Operations					
Revenue:					
Rates and Annual Charges	258,973	259,666	127,147	127,933	786
User Charges and Fees	40,870	40,957	19,631	20,412	781
Interest and Investment Revenues	6,240	11,104	5,543	5,658	115
Other Revenues	6,334	6,317	3,002	2,880	(122)
Rental Income	7,553	7,685	3,672	3,471	(200)
Grants & Contributions provided for Operating Purposes	28,960	19,455	9,786	10,541	755
Grants & Contributions provided for Capital Purposes	70,216	71,027	34,496	20,274	(14,221)
Other Income:	0	0	0	0	0
Profit/Loss on Disposal of Assets	0	28,516	20,178	20,178	0
Total Income from Continuing Operations	419,147	444,728	223,455	211,349	(12,106)
Expenses From Continuing Operations					
Employee Costs	169,238	172,588	87,133	85,975	1,158
Borrowing Costs	1,028	1,125	551	458	94
Materials & Services	103,104	96,915	47,527	42,865	4,661
Other Expenses	26,217	24,493	12,381	13,316	(935)
Depreciation, Amortisation + Impairment	88,185	88,185	43,248	40,894	2,355
Labour Internal Charges	(23,041)	(17,695)	(9,141)	(8,919)	(221)
Non-Labour Internal Charges	(2,497)	(2,530)	(1,241)	(1,066)	(175)
Total Expenses From Continuing Operations	362,235	363,080	180,459	173,523	6,936
Operating Result	56,912	81,648	42,996	37,826	(5,170)
Operating Result [pre capital]	(13,304)	10,621	8,500	17,552	9,051
Funding Statement					
Net Operating Result for the Year	56,912	81,648	42,996	37,826	(5,170)
Add back :					
- Non-cash Operating Transactions	108,577	80,475	33,939	30,712	(3,227)
- Restricted cash used for operations	11,963	13,175	6,759	5,110	(1,649)
- Income transferred to Restricted Cash	(91,916)	(99,518)	(48,719)	(34,543)	14,177
Leases Repaid	(514)	(514)	(252)	(149)	103
Payment of Employee Entitlements	(16,354)	(18,404)	(9,150)	(9,476)	(326)
Funds Available from Operations	68,668	56,861	25,573	29,481	3,908
Loans Repaid	0	0	0	0	0
Advances (made by) / repaid to Council	0	0	0	(292)	(292)
Operational Funds Available for Capital Budget	68,668	56,861	25,573	29,189	3,616
Capital Budget Statement					
Assets Acquired	(139,415)	(139,415)	(70,474)	(53,880)	16,594
Contributed Assets	(5,871)	(5,871)	0	0	0
Transfers to Restricted Cash	(2,776)	(43,302)	(41,914)	(36,004)	5,910
Funded From :-					
- Operational Funds	68,668	56,861	25,573	29,189	3,616
- Sale of Assets	1,399	30,399	29,487	23,914	(5,572)
- Internally Restricted Cash	14,508	17,752	9,276	9,805	529
- Borrowings	0	0	0	0	0
- Capital Grants	35,098	35,335	16,491	13,413	(3,078)
- Developer Contributions (Section 94)	22,345	22,100	11,931	9,926	(2,005)
- Other Externally Restricted Cash	400	764	764	764	(0)
- Other Capital Contributions	5,871	5,897	26	53	27
TOTAL FUNDS SURPLUS / (DEFICIT)	226	(19,481)	(18,841)	(2,820)	16,021

WOLLONGONG CITY COUNCIL

Statement of Financial Position
as at 26 December 2025

	YTD Actual 2025/26 \$'000	Actual 2024/25 \$'000
Current Assets		
Cash Assets	29,859	49,586
Investment Securities	77,886	67,365
Receivables	8,021	30,216
Inventories	6,036	6,511
Current Contract Assets	7,682	5,366
Other	7,538	3,144
Total Current Assets	137,021	162,188
Non-Current Assets		
Non Current Cash Assets	88,000	46,250
Non Current Investment Securities	60,231	51,309
Non-Current Receivables	292	0
Property, Plant and Equipment	4,138,193	4,133,991
Investment Properties	5,650	5,650
Right-Of-Use Assets	1,883	2,276
Total Non-Current Assets	4,294,249	4,239,475
TOTAL ASSETS	4,431,269	4,401,663
Current Liabilities		
Current Payables	16,987	27,485
Current Contract Liabilities	25,239	23,174
Current Lease Liabilities	307	395
Current Provisions payable < 12 months	20,614	20,711
Current Provisions payable > 12 months	40,809	40,809
Total Current Liabilities	103,956	112,573
Non-Current Liabilities		
Non Current Interest Bearing Liabilities	0	0
N/C Lease Liabilities	2,072	2,072
Non Current Provisions	50,999	50,603
Total Non-Current Liabilities	53,071	52,675
TOTAL LIABILITIES	157,028	165,248
NET ASSETS	4,274,242	4,236,415
Equity		
Accumulated Surplus	1,533,697	1,522,371
Asset Revaluation Reserve	2,556,596	2,561,571
Restricted Assets	183,948	152,473
TOTAL EQUITY	4,274,242	4,236,415

WOLLONGONG CITY COUNCIL		
Cash Flows and Investments		
as at 26 December 2025		
	YTD Actual 2025/26 \$ '000	Actual 2024/25 \$ '000
Cash Flows From Operating Activities		
Receipts		
Rates & Annual Charges	147,224	247,522
User Charges & Fees	17,503	39,909
Interest & Interest Received	4,500	9,061
Grants & Contributions	34,732	97,659
Bonds, deposits and retention amounts received	166	167
Other	14,516	31,727
Payments		
Employee Benefits & On-costs	(77,441)	(153,952)
Materials & Contracts	(49,601)	(126,741)
Borrowing Costs	(62)	(141)
Other	(12,749)	(22,192)
Net Cash provided (or used in) Operating Activities	78,790	123,019
Cash Flows From Investing Activities		
Receipts		
Sale of Investments	21,222	50,649
Sale of Infrastructure, Property, Plant & Equipment	29,814	2,068
Payments:		
Purchase of Infrastructure, Property, Plant & Equipment	(67,101)	(89,795)
Deferred Debtors & Advances Made	(292)	-
Net Cash provided (or used in) Investing Activities	(98,430)	(117,306)
Cash Flows From Financing Activities		
Payments:		
Repayment of Borrowings & Advances	-	(657)
Repayment of Finance Lease Liabilities	(87)	(370)
Net Cash Flow provided (used in) Financing Activities	(87)	(1,027)
Net Increase/(Decrease) in Cash & Cash Equivalents	(19,728)	4,686
plus: Cash & Cash Equivalents - beginning of year	49,586	44,900
plus: Investments on hand - end of year	226,117	164,301
Cash & Cash Equivalents and Investments - year to date	255,976	213,887

WOLLONGONG CITY COUNCIL		
Cash Flows and Investments		
as at 26 December 2025		
	YTD Actual 2025/26 \$ '000	Actual 2024/25 \$ '000
Total Cash & Cash Equivalents and Investments - year to date	255,976	213,887
Attributable to:		
External Restrictions (refer below)	111,525	103,184
Internal Restrictions (refer below)	96,945	67,583
Unrestricted	47,506	43,121
	255,976	213,887
External Restrictions		
Developer Contributions	73,021	73,967
RMS Contributions	663	402
Specific Purpose Unexpended Grants	19,547	13,381
Special Rates Levy Wollongong Mall	1,142	1,062
Special Rates Levy Wollongong City Centre	94	94
Unexpended Loans	997	973
Domestic Waste Management	8,853	6,033
Private Subsidies	3,151	2,898
Housing Affordability	3,155	3,120
Stormwater Management Service Charge	902	1,254
Total External Restrictions	111,525	103,184
Internal Restrictions		
Property Investment Fund	5,608	5,532
Strategic Projects	40,605	31,700
Sports Priority Program	984	856
Car Parking Strategy	1,587	1,372
MacCabe Park Development	(75)	2,190
Darcy Wentworth Park	18	18
Garbage Disposal Facility	3,963	5,982
West Dapto Development	43,581	19,259
Natural Areas	173	173
Lake Illawarra Estuary Management Fund	501	501
Total Internal Restrictions	96,945	67,583