

ITEM 13 JULY 2023 FINANCIALS

The financial result for July 2023 compared to budget is unfavourable for the Operating Result [pre-capital] \$1.3M. Funds Available from Operations were favourable compared to budget \$0.6M and the Total Funds Result was favourable \$0.7M compared to budget.

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

Council has expended \$2.4M on its capital works program representing 2.4% of the annual budget. The budget for the same period was \$3.4M.

RECOMMENDATIONS

- 1 The financials be received and noted.
- 2 Council approve the proposed changes to the Capital Budget for July 2023.

REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer




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

ATTACHMENTS

- 1 Financial Statements - July 2023
- 2 Capital Project Report - July 2023

BACKGROUND

This report presents the Financial Performance of the organisation for July 2023. The below table provides a summary of the organisation's overall financial results for the year.

Wollongong City Council 28 July 2023 Forecast Position	Original Budget \$M 1-Jul	Revised Budget \$M 28-Jul	YTD Forecast \$M 28-Jul	YTD Actual \$M 28-Jul	Variation \$M
Operating Revenue	319.0	319.0	24.1	24.3	0.2
Operating Costs	(330.4)	(330.2)	(25.3)	(26.8) 	(1.4)
Operating Result [Pre Capital]	(11.4)	(11.2)	(1.2)	(2.5)	(1.3)
Capital Grants & Contributions	38.7	38.7	2.4	0.5	(1.8)
Operating Result	27.3	27.5	1.1	(2.0)	(3.2)
Funds Available from Operations	64.3	64.3	4.6	5.2	0.6
Capital Works	99.0	99.0	3.4	2.4	1.0
Contributed Assets	7.9	7.9 	0.0	- 	0.0
Transfer to Restricted Cash	11.0	11.0	0.8	0.8	-
Borrowings Repaid	2.6	2.6	-	-	-
Funded from:					
- Operational Funds	64.3	64.3	4.6	5.2	0.6
- Other Funding	56.1	56.1	1.5	0.6	(0.9)
Total Funds Surplus/(Deficit)	(0.2)	(0.2)	1.8	2.5	0.7

FINANCIAL PERFORMANCE

The July 2023 Operating Result [pre-capital] deficit of \$2.5M is an unfavourable variance compared to the budget deficit of \$1.2M.

The Operating Result deficit of \$2.0M is an unfavourable variance of \$3.2M compared to budget. Capital Grants and Contributions at \$0.5M were unfavourable to budget by \$1.8M.

The Funds Available from Operations result is favourable by \$0.6M compared to phased budget. This result excludes 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 July 2023 is a favourable variance of \$0.7M compared to phased budget.

At the end of July, the Capital Works Program had an expenditure of \$2.4M compared to a budget of \$3.4M.

FINANCIAL POSITION

Cash, Investments & Available Funds

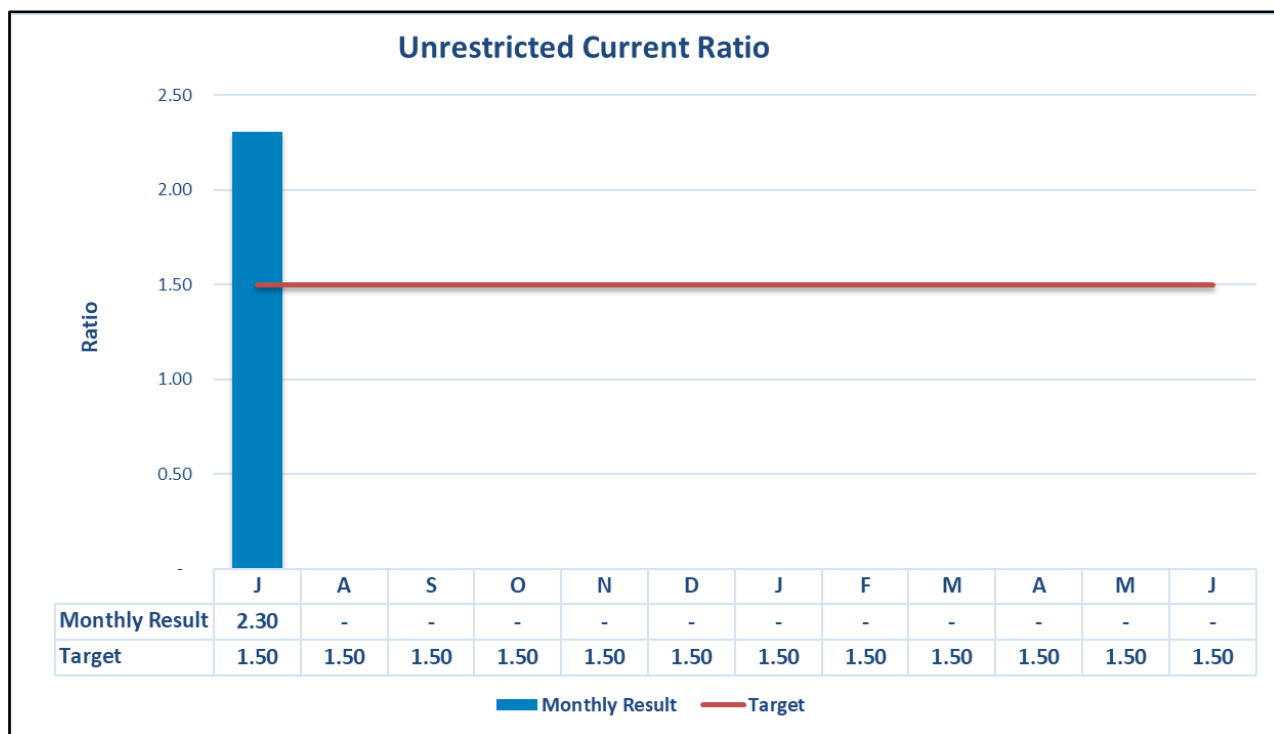
Council's cash and investments decreased during July 2023 to holdings of \$172.2M compared to \$176.8M at the end of June 2023. A significant portion of these funds are subject to restriction meaning they can only be utilised for specific purposes. As a result, Council's true available cash position is more accurately depicted by considering available funds that are uncommitted and not subject to restriction.

Wollongong City Council				
28 July 2023				
Cash, Investments and Available Funds				
	Actual 2022/23	Original Budget 2023/24	Current Budget 2023/24	Actuals YTD July 2023
	\$M	\$M	\$M	\$M
Total Cash and Investments	176.8	133.3	133.3	172.2
Less Restrictions:				
External	94.2	66.0	66.0	93.6
Internal	61.7	63.8	63.8	62.6
CivicRisk Investment	2.5			2.5
Total Restrictions	158.4	129.8	129.8	158.8
Available Cash	18.4	3.5	3.5	13.4
Adjusted for :				
Payables	(20.1)	(29.7)	(29.7)	(22.7)
Receivables	35.2	27.9	27.9	42.6
Other	6.1	13.2	13.2	8.5
Net Payables & Receivables	21.2	11.4	11.4	28.4
Available Funds	39.6	14.9	14.9	41.8

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 above the Financial Strategy target range of 3.5% to 5.5% of operational revenue (pre-capital). The increase 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 continues to have financial strength in its low level of borrowing. 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 that \$3.68B of assets (written down value) are controlled and managed by Council for the community at 28 July 2023.

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 at the end of July is positive across two of the three key performance indicators.

Wollongong City Council
1 July 2023 to 28 July 2023
Income Statement

	2023/24 Original Budget \$'000	2023/24 Current Budget \$'000	2023/24 YTD Budget \$'000	2023/24 Actual YTD \$'000	Variance \$'000
	23GLBUD Period 0	23GLBUD Period 3	23GLPHAS	23GLACT	
Income From Continuing Operations					
Revenue:					
Rates and Annual Charges	232,236	232,236	17,767	17,745	(22)
User Charges and Fees	39,001	39,001	2,835	2,888	53
Interest and Investment Revenues	5,693	5,693	469	754	285
Other Revenues	6,199	6,199	407	678	271
Rental Income	6,335	6,335	485	404	(80)
Grants & Contributions provided for Operating Purposes	29,533	29,533	2,172	1,831	(341)
Grants & Contributions provided for Capital Purposes	38,728	38,728	2,360	494	(1,866)
Other Income:					
	0	0	0	0	0
Profit/Loss on Disposal of Assets	0	0	0	0	0
Total Income from Continuing Operations	357,724	357,724	26,495	24,793	(1,701)
Expenses From Continuing Operations					
Employee Costs	154,642	154,393	11,585	11,333	252
Borrowing Costs	548	548	42	38	4
Materials & Services	94,923	94,975	7,552	7,056	496
Other Expenses	24,537	24,537	1,867	1,819	48
Depreciation, Amortisation + Impairment	79,116	79,116	6,053	7,744	(1,691)
Labour Internal Charges	(21,106)	(21,106)	(1,613)	(1,093)	(520)
Non-Labour Internal Charges	(2,249)	(2,249)	(172)	(132)	(40)
Total Expenses From Continuing Operations	330,411	330,214	25,314	26,764	(1,451)
Operating Result	27,314	27,510	1,181	(1,971)	(3,152)
Operating Result [pre capital]	(11,414)	(11,217)	(1,179)	(2,465)	(1,286)
Funding Statement					
Net Operating Result for the Year	27,314	27,510	1,181	(1,971)	(3,152)
Add back :					
- Non-cash Operating Transactions	97,176	97,176	7,391	9,068	1,676
- Restricted cash used for operations	14,690	14,522	1,127	2,077	950
- Income transferred to Restricted Cash	(59,505)	(59,533)	(3,672)	(2,091)	1,581
Leases Repaid	(152)	(152)	(12)	(11)	1
Payment of Employee Entitlements	(15,251)	(15,251)	(1,432)	(1,892)	(461)
Funds Available from Operations	64,272	64,272	4,584	5,180	596
Loans Repaid	(2,564)	(2,564)	0	0	0
Advances (made by) / repaid to Council	0	0	0	0	0
Operational Funds Available for Capital Budget	61,708	61,708	4,584	5,180	596
Capital Budget Statement					
Assets Acquired	(99,037)	(99,037)	(3,413)	(2,406)	1,006
Contributed Assets	(7,876)	(7,876)	(0)	0	0
Transfers to Restricted Cash	(11,046)	(11,046)	(845)	(845)	0
Funded From :-					
- Operational Funds	61,708	61,708	4,584	5,180	596
- Sale of Assets	1,728	1,728	75	0	(75)
- Internally Restricted Cash	13,473	13,473	328	417	89
- Borrowings	0	0	0	0	0
- Capital Grants	22,548	22,548	902	134	(768)
- Developer Contributions (Section 94)	9,021	9,021	202	42	(160)
- Other Externally Restricted Cash	0	0	0	3	3
- Other Capital Contributions	9,326	9,326	0	0	(0)
TOTAL FUNDS SURPLUS / (DEFICIT)	(156)	(156)	1,833	2,525	692

Statement of Financial Position
as at 28 July 2023

	YTD Actual 2023/24 \$'000	Actual 2022/23 \$'000
Current Assets		
Cash Assets	39,498	44,370
Investment Securities	99,713	99,425
Receivables	42,609	35,208
Inventories	538	514
Current Contract Assets	5,307	5,554
Other	6,637	6,352
Assets classified as held for sale	65	65
Total Current Assets	194,367	191,488
Non-Current Assets		
Non Current Cash Assets	30,450	30,450
Non Current Investment Securities	2,530	2,530
Non-Current Inventories	5,972	5,972
Property, Plant and Equipment	3,675,165	3,680,310
Investment Properties	5,050	5,050
Intangible Assets	(7)	0
Right-Of-Use Assets	682	718
Total Non-Current Assets	3,719,841	3,725,030
TOTAL ASSETS	3,914,209	3,916,518
Current Liabilities		
Current Payables	22,718	20,142
Current Contract Liabilities	11,946	14,238
Current Lease Liabilities	96	129
Current Provisions payable < 12 months	16,110	16,748
Current Provisions payable > 12 months	44,689	44,689
Current Interest Bearing Liabilities	2,572	2,572
Total Current Liabilities	98,132	98,518
Non-Current Liabilities		
Non Current Interest Bearing Liabilities	657	657
N/C Lease Liabilities	655	655
Non Current Provisions	28,423	28,371
Total Non-Current Liabilities	29,735	29,684
TOTAL LIABILITIES	127,867	128,202
NET ASSETS	3,786,341	3,788,316
Equity		
Accumulated Surplus	1,489,437	1,491,539
Asset Revaluation Reserve	2,149,061	2,149,062
Restricted Assets	147,843	147,596
TOTAL EQUITY	3,786,341	3,788,196

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 28 July 2023			
	YTD Actual	Actual	
	2022/23	2021/22	
	\$ '000	\$ '000	
Cash Flows From Operating Activities			
Receipts			
Rates & Annual Charges	13,438	215,632	
User Charges & Fees	1,289	31,914	
Interest & Interest Received	831	1,549	
Grants & Contributions	2,846	64,618	
Bonds, deposits and retention amounts received	-	1,201	
Other	2,275	21,387	
Payments			
Employee Benefits & On-costs	(10,914)	(131,464)	
Materials & Contracts	(6,911)	(86,914)	
Borrowing Costs	13	(442)	
Bonds, deposits and retention amounts refunded	-	(755)	
Other	388	(28,808)	
Net Cash provided (or used in) Operating Activities	3,255	87,918	
Cash Flows From Investing Activities			
Receipts			
Sale of Investments	-	54,491	
Sale of Investment Property			
Sale of Real Estate Assets			
Sale of Infrastructure, Property, Plant & Equipment	-	2,161	
Payments:			
Purchase of Investments	(574)	(59,990)	
Purchase of Investment Property	-	-	
Purchase of Infrastructure, Property, Plant & Equipment	(7,522)	(96,906)	
Net Cash provided (or used in) Investing Activities	(8,095)	(100,244)	
Cash Flows From Financing Activities			
Payments:			
Repayment of Borrowings & Advances	(0)	(5,496)	
Repayment of Finance Lease Liabilities	(32)	(380)	
Net Cash Flow provided (used in) Financing Activities	(32)	(5,876)	
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,873)	(18,202)	
plus: Cash & Cash Equivalents - beginning of year	44,371	52,320	
plus: Investments on hand - end of year	132,693	127,915	
Cash & Cash Equivalents and Investments - year to date	172,192	162,033	

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 28 July 2023			
	YTD Actual	Actual	
	2023/24	2022/23	
	\$ '000	\$ '000	
Total Cash & Cash Equivalents and Investments - year to date	172,192	162,033	
Attributable to:			
External Restrictions (refer below)	93,645	94,280	
Internal Restrictions (refer below)	62,625	61,684	
Unrestricted	15,922	16,228	
	172,192	162,033	
External Restrictions			
Developer Contributions	45,611	45,109	
RMS Contributions	2,158	2,158	
Specific Purpose Unexpended Grants	18,623	20,299	
Special Rates Levy Wollongong Mall	733	722	
Special Rates Levy Wollongong City Centre	122	94	
Local Infrastructure Renewal Scheme	-	-	
Unexpended Loans	886	883	
Domestic Waste Management	7,201	6,880	
Private Subsidies	6,865	6,848	
Housing Affordability	8,411	8,380	
Stormwater Management Service Charge	3,035	2,907	
Total External Restrictions	93,645	94,280	
Internal Restrictions			
Property Investment Fund	9,567	9,531	
Strategic Projects	27,426	27,181	
Flood Mitigation Works	-	-	
Sports Priority Program	918	893	
Car Parking Strategy	1,383	1,348	
MacCabe Park Development	1,902	1,890	
Darcy Wentworth Park	18	18	
Garbage Disposal Facility	10,526	10,083	
West Dapto Development Additional Rates	10,213	10,062	
Natural Areas	173	173	
Lake Illawarra Estuary Management Fund	499	505	
Total Internal Restrictions	62,625	61,684	

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.

Commentary on July 2023 Capital Budget Report

On 26 June 2023, Council approved a capital budget for 2023-2024 of \$99.04M. In July 2023, the budget has been maintained at \$99.04M as the introduction of multiple different funding adjustments has been offset with a reduction to the capital contingency.

The significant funding adjustments in July 2023 were:

- Introduce expected Federal Government Disaster Recovery funding for the reconstruction of Otford Road (Hacking River) Causeway.
- Introduction of additional Strategic Projects Reserve funding and Section 7:12 Developer Contributions for multiple existing new footpath projects.
- Introduction of TfNSW 'Get Active' funding for new shareway on Throsby Drive, Gwynneville.
- Return Black Spot Funding to the restricted account for Mount Keira Road (Queen Elizabeth Drive to Mount Keira Road RFS) due to expected cost of the project coming in below budget.
- Introduction of University of Wollongong Voluntary Planning Agreement funds for new shareway on Gipps Road, Gwynneville.
- Introduction of Federal Government Roads to Recovery funding for an existing road reconstruction project.

Council achieved expenditure at the end of July 2023 of \$2.41M which is 79% of the adjusted phased budget for July 2023 of \$3.06M.

Listed below is a summary of the reasons for budget changes for July which resulted in changes to the 2022-2023 capital budget.

Program	Commentary on significant variations
Traffic Facilities	Return Section 7:12 developer contributions funding to the restricted account due to the expected cost of a project in Gipps Road, Gwynneville being less than the budget. Adjustments to TfNSW Safer Roads funding to match available funding for existing project in George Street, Berkeley.
Roadworks	Introduction of additional Federal Government Roads to Recovery funding to existing road reconstruction project in Rothery Street, Corrimal. Return Black Spot Funding to the restricted account for Mount Keira Road (Queen Elizabeth Drive to Mount Keira Road RFS) due to expected cost of the remaining works being less than the 2023-2024 budget.
Bridges, Boardwalks & Jetties	Introduce expected Federal Government Disaster Recovery funding for the reconstruction of Otford Road/Hacking River causeway.
Footpaths	Introduce additional Strategic Projects funding for existing projects - new footpaths in St John Avenue, Mangerton and The Ridge in Helensburgh. Introduce Section 7:12 Developer Contributions for the construction of new footpaths to enable all abilities access to the new All Ages, All Abilities Playground in Stuart Park.
Cycle/Shared Paths	Introduce University of Wollongong Voluntary Planning Agreement funding for the existing project to construct a new shareway on Gipps Road, Gwynneville. Introduce TfNSW Get Active funding for construction of existing project - new shareway along Throsby Drive from Flinders Street, North Wollongong, to Foley Street, Gwynneville. Introduce TfNSW Get Active funding for design of two new shareway projects in Austinmer and Coledale during 2023-2024.
Sporting Facilities	Introduce additional Sports Priority (funding) Program funds for existing project for Hollymount Park turf wicket replacement.
Whytes Gully New Cells	Rephase funding from the Garbage Disposal Facility restricted account funding for the Helensburgh Landfill rehabilitation project.

CAPITAL PROJECT REPORT							
as at the period ended 28 July 2023							
ASSET CLASS PROGRAMME	\$'000		\$'000		YTD EXPENDITURE	\$'000	
	CURRENT BUDGET		WORKING BUDGET			VARIATION	
	EXPENDITURE	OTHER FUNDING	EXPENDITURE	OTHER FUNDING		EXPENDITURE	OTHER FUNDING
Roads And Related Assets							
Traffic Facilities	3,435	(2,408)	3,340	(2,313)	48	(95)	95
Public Transport Facilities	563	(273)	563	(273)	110	(0)	0
Roadworks	11,600	(2,473)	11,525	(2,398)	152	(75)	75
Bridges, Boardwalks and Jetties	670	0	1,795	(1,125)	47	1,125	(1,125)
TOTAL Roads And Related Assets	16,268	(5,153)	17,223	(6,108)	358	955	(955)
West Dapto							
West Dapto Infrastructure Expansion	8,635	(8,560)	8,635	(8,560)	79	(0)	0
TOTAL West Dapto	8,635	(8,560)	8,635	(8,560)	79	(0)	0
Footpaths And Cycleways							
Footpaths	4,105	(2,348)	4,775	(3,017)	569	670	(670)
Cycle/Shared Paths	5,465	(700)	6,165	(1,400)	341	700	(700)
Commercial Centre Upgrades - Footpaths and Cyclewa	2,087	(142)	2,087	(142)	288	0	0
TOTAL Footpaths And Cycleways	11,657	(3,190)	13,027	(4,560)	1,197	1,370	(1,370)
Carparks							
Carpark Construction/Formalising	250	0	250	0	3	(0)	0
Carpark Reconstruction or Upgrading	655	0	655	0	61	(0)	0
TOTAL Carparks	905	0	905	0	63	(0)	0
Stormwater And Floodplain Management							
Floodplain Management	3,670	(3,082)	3,670	(3,082)	56	0	0
Stormwater Management	6,830	(1,795)	6,830	(1,795)	74	(0)	0
Stormwater Treatment Devices	60	0	60	0	0	0	0
TOTAL Stormwater And Floodplain Mar	10,560	(4,877)	10,560	(4,877)	130	(0)	0
Buildings							
Cultural Centres (IPAC, Gallery, Townhall)	80	0	80	0	(133)	0	0
Administration Buildings	530	0	530	0	7	(0)	0
Community Buildings	7,550	(1,250)	7,555	(1,250)	108	5	(0)
TOTAL Buildings	8,160	(1,250)	8,165	(1,250)	(18)	5	(0)
Commercial Operations							
Tourist Park - Upgrades and Renewal	565	0	565	0	10	(0)	0
Crematorium/Cemetery - Upgrades and Renewal	285	0	285	0	3	(0)	0
Leisure Centres & RVGC	50	0	50	0	47	0	0
TOTAL Commercial Operations	900	0	900	0	60	(0)	0
Parks Gardens And Sportfields							
Play Facilities	3,348	(1,763)	3,348	(1,763)	15	0	(0)
Recreation Facilities	1,815	(1,520)	1,815	(1,520)	22	0	0
Sporting Facilities	16,575	(8,136)	16,640	(8,201)	178	65	(65)
TOTAL Parks Gardens And Sportfields	21,738	(11,419)	21,803	(11,484)	214	65	(65)
Beaches And Pools							
Beach Facilities	0	0	(0)	0	4	(0)	0
Treated Water Pools	120	(50)	120	(50)	9	0	0
TOTAL Beaches And Pools	120	(50)	120	(50)	13	(0)	0
Waste Facilities							
Whytes Gully New Cells	9,180	(9,180)	9,105	(9,105)	7	(75)	75
TOTAL Waste Facilities	9,180	(9,180)	9,105	(9,105)	7	(75)	75

CAPITAL PROJECT REPORT							
as at the period ended 28 July 2023							
ASSET CLASS PROGRAMME	\$'000		\$'000		YTD EXPENDITURE	\$'000	
	CURRENT BUDGET		WORKING BUDGET			VARIATION	
	EXPENDITURE	OTHER FUNDING	EXPENDITURE	OTHER FUNDING		EXPENDITURE	OTHER FUNDING
Fleet							
Motor Vehicles	1,800	(949)	1,800	(949)	0	(0)	0
TOTAL Fleet	1,800	(949)	1,800	(949)	0	(0)	0
Plant And Equipment							
Mobile Plant (trucks, backhoes etc.)	3,295	(779)	3,295	(779)	93	0	0
TOTAL Plant And Equipment	3,295	(779)	3,295	(779)	93	0	0
Information Technology							
Information Technology	1,605	0	1,600	0	22	(5)	0
TOTAL Information Technology	1,605	0	1,600	0	22	(5)	0
Library Books							
Library Books	1,340	0	1,340	0	174	(0)	0
TOTAL Library Books	1,340	0	1,340	0	174	(0)	0
Public Art							
Art Gallery Acquisitions	100	0	100	0	8	0	0
TOTAL Public Art	100	0	100	0	8	0	0
Land Acquisitions							
Land Acquisitions	250	(250)	250	(250)	4	0	0
TOTAL Land Acquisitions	250	(250)	250	(250)	4	0	0
Non-Project Allocations							
Capital Project Contingency	2,524	0	209	0	0	(2,315)	0
TOTAL Non-Project Allocations	2,524	0	209	0	0	(2,315)	0
GRAND TOTAL	99,037	(45,655)	99,037	(47,971)	2,407	(0)	(2,315)