

ITEM 14 JANUARY 2026 FINANCIALS

This report outlines Council’s financial performance against the adopted December Quarterly Review phased budget for the financial year-to-date, as at 30 January 2026. 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.

The year-to-date financial result compared to budget is favourable for the Operating Result [pre-capital] by \$7.4M, and Funds Available from Operations by \$1.5M.

The Total Funds Result is favourable to budget by \$7.7M. This result continues to predominately reflect the timing of capital works delivery within the Infrastructure Delivery Program rather than an improvement in Council’s underlying financial capacity.

Council has expended \$59.5M on its capital works program to date, representing 46.9% of the annual budget, compared with a budgeted year-to-date expenditure of \$67.7M. Variations from budget generally reflect the staging and timing of project delivery rather than changes to the overall scope of Council’s capital program.

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

ATTACHMENTS

- 1 Financial Statements - January 2026

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 30 January 2026. The below table provides a summary of the organisation's overall full year financial results.

Table 1

Wollongong City Council 30 January 2026 Year to Date Position	Original Budget \$M 1-Jul	Revised Budget \$M 30-Jan	YTD Forecast \$M 30-Jan	YTD Actual \$M 30-Jan	Variation \$M
Operating Revenue	348.9	375.6	224.3	225.4	1.2
Operating Costs	(362.2)	(363.9)	(214.8)	(208.6)	6.2
Operating Result [Pre Capital]	(13.3)	11.6	9.5	16.8	7.4
Capital Grants & Contributions	70.2	73.3	41.2	22.1	(19.2)
Operating Result	56.9	85.0	50.7	38.9	(11.8)
Funds Available from Operations	68.7	57.3	33.1	34.7	1.5
Advances (made by) / repaid to Council	-	(0.2)	(0.3)	(0.3)	-
Capital Works	139.4	127.0	67.7	59.5	8.2
Contributed Assets	5.9	5.9	-	-	-
Transfer to Restricted Cash	2.8	47.3	46.1	40.2	5.9
Borrowings Repaid	-	-	-	-	-
Funded from:					
- Operational Funds	68.7	57.1	32.8	34.4	1.6
- Other Funding	79.6	103.8	69.2	61.2	(7.9)
Total Funds Surplus/(Deficit)	0.2	(19.2)	(11.8)	(4.1)	7.7

Operating Results

The Operating Result [pre-capital] for January 2026 is a year-to-date surplus of \$16.8M, representing a favourable variance of \$7.4M compared to the budgeted surplus of \$9.5M. This result includes non-cash accounting transactions and reflects expected timing of operational income and expenditure across the financial year.

The Operating Result for the same period is a surplus of \$38.9M, which is an unfavourable variance of \$11.8M 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 \$1.5M compared to the year-to-date budget of \$33.1M. 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 30 January 2026 is favourable to budget by \$7.7M. This variance largely reflects the timing in the 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 January, Council had expended \$59.5M on its Capital Works Program, representing 46.9% of the annual budget, compared with a budgeted year-to-date expenditure of \$67.7M.

Financial Position

Cash, Investments and Available Funds

Council's cash and investments decreased during January 2026 to \$245.8M, compared to \$256.0M at the end of December 2025, reflecting usual movements in these balances associated with the timing of operational and capital expenditure across the financial year.

Table 2

Wollongong City Council				
30 January 2026				
Cash, Investments and Available Funds				
	Actual 2024/25	Original Budget 2025/26	Revised Budget 2025/26	Actuals YTD 2025/26
	\$M	\$M	\$M	\$M
Total Cash and Investments	214.5	206.3	243.6	245.8
Less Restrictions:				
External	103.2	105.3	114.9	111.5
Internal	67.6	86.2	103.6	97.8
CivicRisk Investment	3.7			3.7
Total Restrictions	174.5	191.6	218.6	213.0
Available Cash	40.0	14.7	25.0	32.8
Adjusted for :				
Payables	(27.5)	(32.6)	(30.1)	(23.5)
Receivables	30.2	32.7	32.5	26.2
Other	3.8	1.9	(10.1)	9.8
Net Payables & Receivables	6.5	2.0	(7.7)	12.6
Available Funds	46.5	16.7	17.3	45.4

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 budgeted end of year **Available Funds that are uncommitted and not subject to restriction, albeit that this position will vary throughout the year due to** Council's uneven cash flows.

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).

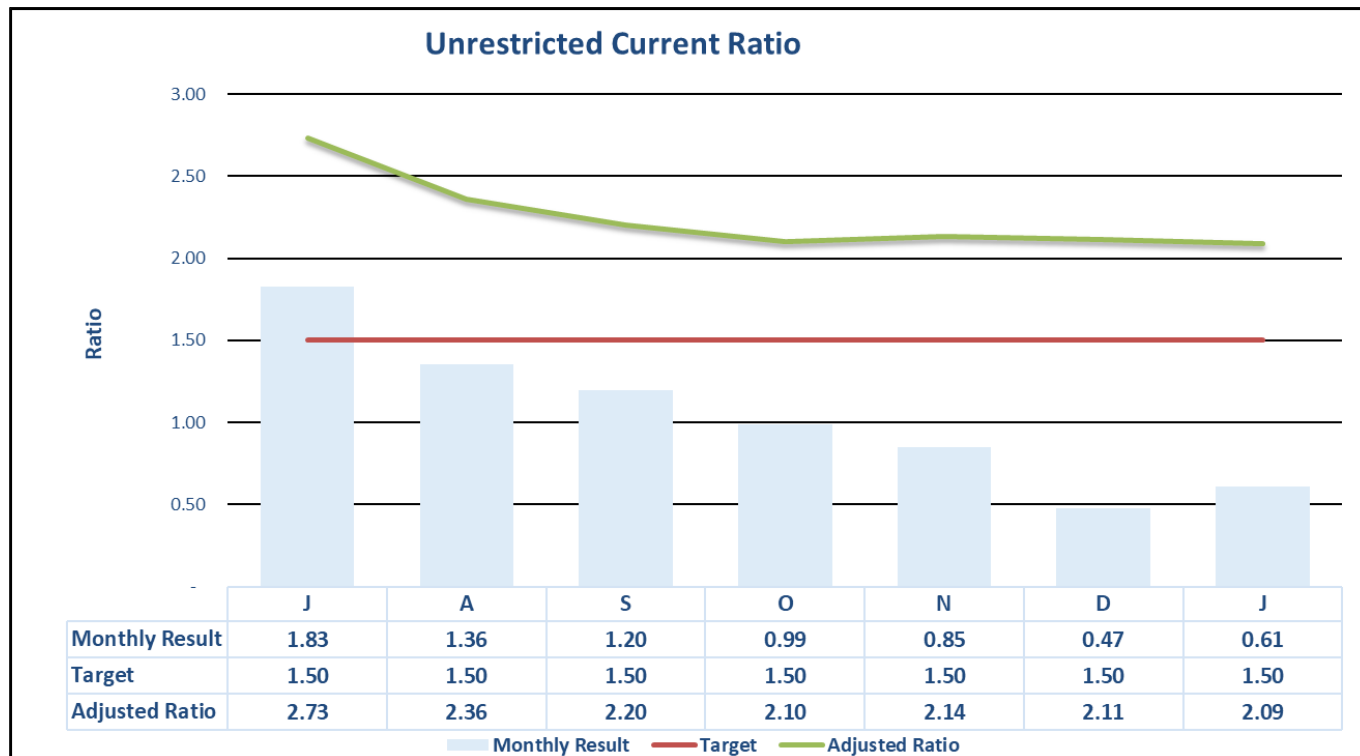
Council's Available Funds position remains above Council's Financial Sustainability Policy target range of 3.5% to 5.5% of Operational Revenue [Pre-capital], indicating that liquidity remains strong. The high balance also reflects timing variations in capital delivery. Other cash movements remain broadly 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 January Council’s ratio sits at 2.09, well above the benchmark of 1.5.



Borrowings

Council has no outstanding loans as at 30 January 2026. 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 30 January 2026, 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 \$131.4M 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 January 2026 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 in the current year.

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 30 January 2026					
Income Statement					
	2025/26 Original Budget \$'000	2025/26 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	259,833	152,212	152,912	700
User Charges and Fees	40,870	41,245	24,213	24,689	476
Interest and Investment Revenues	6,240	12,255	7,152	6,959	(193)
Other Revenues	6,334	6,380	3,608	3,354	(254)
Rental Income	7,553	7,811	4,395	4,083	(312)
Grants & Contributions provided for Operating Purposes	28,960	19,518	12,761	13,503	742
Grants & Contributions provided for Capital Purposes	70,216	73,317	41,238	22,074	(19,164)
Other Income:					
Profit/Loss on Disposal of Assets	0	0	0	0	0
	0	28,516	19,908	19,907	(0)
Total Income from Continuing Operations	419,147	448,875	265,486	247,481	(18,005)
Expenses From Continuing Operations					
Employee Costs	169,238	174,787	103,341	101,856	1,485
Borrowing Costs	1,028	1,125	659	536	124
Materials & Services	103,104	95,299	56,089	50,213	5,876
Other Expenses	26,217	24,516	14,495	15,668	(1,172)
Depreciation, Amortisation + Impairment	88,185	88,484	51,880	51,325	555
Labour Internal Charges	(23,041)	(17,771)	(10,181)	(9,878)	(303)
Non-Labour Internal Charges	(2,497)	(2,529)	(1,483)	(1,138)	(345)
Total Expenses From Continuing Operations	362,235	363,910	214,800	208,582	6,218
Operating Result	56,912	84,965	50,686	38,899	(11,786)
Operating Result [pre capital]	(13,304)	11,648	9,448	16,826	7,377
Funding Statement					
Net Operating Result for the Year	56,912	84,965	50,686	38,899	(11,786)
Add back :					
- Non-cash Operating Transactions	108,577	80,929	44,520	42,950	(1,570)
- Restricted cash used for operations	11,963	13,364	7,833	5,726	(2,107)
- Income transferred to Restricted Cash	(91,916)	(102,992)	(59,046)	(39,364)	19,682
Leases Repaid	(514)	(514)	(301)	(226)	75
Payment of Employee Entitlements	(16,354)	(18,404)	(10,563)	(13,320)	(2,757)
Funds Available from Operations	68,668	57,347	33,128	34,665	1,537
Loans Repaid	0	0	0	0	0
Advances (made by) / repaid to Council	0	(240)	(292)	(292)	0
Operational Funds Available for Capital Budget	68,668	57,108	32,836	34,373	1,537
Capital Budget Statement					
Assets Acquired	(139,415)	(126,997)	(67,696)	(59,534)	8,162
Contributed Assets	(5,871)	(5,871)	0	0	0
Transfers to Restricted Cash	(2,776)	(47,282)	(46,125)	(40,215)	5,910
Funded From :-					
- Operational Funds	68,668	57,108	32,836	34,373	1,537
- Sale of Assets	1,399	30,399	29,450	23,926	(5,523)
- Internally Restricted Cash	14,508	17,995	11,486	10,153	(1,333)
- Borrowings	0	0	0	0	0
- Capital Grants	35,098	26,835	15,525	15,247	(278)
- Developer Contributions (Section 94)	22,345	21,739	11,723	11,095	(628)
- Other Externally Restricted Cash	400	944	944	764	(180)
- Other Capital Contributions	5,871	5,897	26	61	36
TOTAL FUNDS SURPLUS / (DEFICIT)	226	(19,234)	(11,833)	(4,130)	7,703

WOLLONGONG CITY COUNCIL

**Statement of Financial Position
as at 30 January 2026**

	YTD Actual 2025/26 \$'000	Actual 2024/25 \$'000
Current Assets		
Cash Assets	24,452	49,586
Investment Securities	73,012	67,365
Receivables	26,229	30,216
Inventories	6,054	6,511
Current Contract Assets	8,327	5,366
Other	7,138	3,144
Total Current Assets	145,212	162,188
Non-Current Assets		
Non Current Cash Assets	88,000	46,250
Non Current Investment Securities	60,319	51,309
Non-Current Receivables	292	0
Property, Plant and Equipment	4,133,066	4,133,991
Investment Properties	5,650	5,650
Right-Of-Use Assets	1,806	2,276
Total Non-Current Assets	4,289,133	4,239,475
TOTAL ASSETS	4,434,345	4,401,663
Current Liabilities		
Current Payables	23,505	27,485
Current Contract Liabilities	23,114	23,174
Current Lease Liabilities	242	395
Current Provisions payable < 12 months	18,228	20,711
Current Provisions payable > 12 months	40,809	40,809
Total Current Liabilities	105,898	112,573
Non-Current Liabilities		
Non Current Interest Bearing Liabilities	0	0
N/C Lease Liabilities	2,072	2,072
Non Current Provisions	51,065	50,603
Total Non-Current Liabilities	53,137	52,675
TOTAL LIABILITIES	159,035	165,248
NET ASSETS	4,275,310	4,236,415
Equity		
Accumulated Surplus	1,529,902	1,522,371
Asset Revaluation Reserve	2,556,402	2,561,571
Restricted Assets	189,006	152,473
TOTAL EQUITY	4,275,310	4,236,415

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 30 January 2026			
	YTD Actual	Actual	
	2025/26	2024/25	
	\$ '000	\$ '000	
Cash Flows From Operating Activities			
Receipts			
Rates & Annual Charges	153,728	247,522	
User Charges & Fees	20,885	39,909	
Interest & Interest Received	5,387	9,061	
Grants & Contributions	37,992	97,659	
Bonds, deposits and retention amounts received	193	167	
Other	17,399	31,727	
Payments			
Employee Benefits & On-costs	(94,802)	(153,952)	
Materials & Contracts	(57,298)	(126,741)	
Borrowing Costs	(74)	(141)	
Other	(19,192)	(22,192)	
Net Cash provided (or used in) Operating Activities	64,218	123,019	
Cash Flows From Investing Activities			
Receipts			
Sale of Investments	26,222	50,649	
Sale of Infrastructure, Property, Plant & Equipment	29,826	2,068	
Payments:			
Purchase of Infrastructure, Property, Plant & Equipment	(62,882)	(89,795)	
Deferred Debtors & Advances Made	(292)	-	
Net Cash provided (or used in) Investing Activities	(89,199)	(117,306)	
Cash Flows From Financing Activities			
Payments:			
Repayment of Borrowings & Advances	-	(657)	
Repayment of Finance Lease Liabilities	(152)	(370)	
Net Cash Flow provided (used in) Financing Activities	(152)	(1,027)	
Net Increase/(Decrease) in Cash & Cash Equivalents	(25,134)	4,686	
plus: Cash & Cash Equivalents - beginning of year	49,586	44,900	
plus: Investments on hand - end of year	221,331	164,301	
Cash & Cash Equivalents and Investments - year to date	245,783	213,887	

WOLLONGONG CITY COUNCIL			
Cash Flows and Investments			
as at 30 January 2026			
	YTD Actual	Actual	
	2025/26	2024/25	
	\$ '000	\$ '000	
Total Cash & Cash Equivalents and Investments - year to date	245,782	213,887	
Attributable to:			
External Restrictions (refer below)	111,456	103,184	
Internal Restrictions (refer below)	97,820	67,583	
Unrestricted	36,506	43,121	
	245,782	213,887	
External Restrictions			
Developer Contributions	72,763	73,967	
RMS Contributions	1,426	402	
Specific Purpose Unexpended Grants	18,497	13,381	
Special Rates Levy Wollongong Mall	1,141	1,062	
Special Rates Levy Wollongong City Centre	94	94	
Unexpended Loans	1,006	973	
Domestic Waste Management	9,096	6,033	
Private Subsidies	3,205	2,898	
Housing Affordability	3,183	3,120	
Stormwater Management Service Charge	1,045	1,254	
Total External Restrictions	111,456	103,184	
Internal Restrictions			
Property Investment Fund	5,659	5,532	
Strategic Projects	40,251	31,700	
Sports Priority Program	1,008	856	
Car Parking Strategy	1,592	1,372	
MacCabe Park Development	(62)	2,190	
Darcy Wentworth Park	18	18	
Garbage Disposal Facility	4,511	5,982	
West Dapto Development	44,158	19,259	
Natural Areas	173	173	
Lake Illawarra Estuary Management Fund	512	501	
Total Internal Restrictions	97,820	67,583	