ITEM 15 PRELIMINARY PRE-AUDIT FINANCIALS - 30 JUNE 2025

The preliminary pre-audit full year financial result as at 30 June 2025 compared to budget is unfavourable for the Operating Result [pre-capital] $24.8M and Funds Available from Operations was favourable compared to budget $16.6M.

The Total Funds Result is favourable $21M compared to budget and includes the prepayment of the 2025/2026 Financial Assistance Grant of $12M that was paid in June and a favourable full year variance of $7.6M in the Capital Works Program.

The pre-audit Statement of Financial Position indicates sufficient cash to support external restrictions.

Council expended a total of $88.1M on its capital works program during 2025, representing 92% of the budget. The full year budget was $95.7M.

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 - June 2025

BACKGROUND

This report presents the Financial Performance of the organisation as at 30 June 2025. The below table provides a summary of the organisation's overall full year financial results.

Wollongong City Council 30 June 2025 Full Year Position	Original Budget $M 1-Jul	Revised Budget $M 30-Jun	Forecast $M 30-Jun	Actual $M 30-Jun	Variation $M
Operating Revenue	368.1	356.4	356.4	338.2	(18.2)
Operating Costs	(354.2)	(387.9)	(387.9)	(394.6)	(6.7)
Operating Result [Pre Capital]	**13.9**	**(31.5)**	**(31.5)**	**(56.4)**	**(24.8)**
Capital Grants & Contributions	27.5	30.0	30.0	45.5	15.5
Operating Result	**41.3**	**(1.5)**	**(1.5)**	**(10.9)**	**(9.4)**
Funds Available from Operations	**66.3**	**48.6**	**48.6**	**65.2**	**16.6**
Capital Works	**106.0**	**95.7**	**95.7**	**88.1**	**7.6**
Contributed Assets	**7.0**	**7.0**	**7.0**	**13.7**	(6.7)
Transfer to Restricted Cash	2.6	31.1	31.1	2.1	29.0
Borrowings Repaid	0.7	0.7	0.7	0.7	-
Funded from:					
- Operational Funds	66.3	48.6	48.6	65.2	16.6
- Other Funding	49.2	69.7	69.7	44.2	(25.5)
Total Funds Surplus/(Deficit)	**(0.8)**	**(16.2)**	**(16.2)**	**4.8**	**21.0**

FINANCIAL PERFORMANCE

The financial performance and, particularly, variations from budget, are discussed in more detail in the June Quarterly Review. While there are significant movements in the Operating Results and Funds Available from Operations against the current budget, those variations are predominately due to timing of transactions and year-end adjustments. The Operating Result [pre-capital] deficit of $56.4M is an unfavourable variance of $24.8M compared to the budget deficit of $31.5M.

The Operating Result deficit of $10.9M is an unfavourable variance of $9.4M compared to budget.

The Funds Available from Operations result is favourable by $16.6M compared to budget. This result includes $12M in relation to the prepayment of the 2025/2026 Financial Assistance Grant. 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 30 June 2025 is a favourable variance of $21M compared to budget.

At the end of June, the Capital Works Program had an expenditure of $88.1M compared to a budget of $95.7M.

FINANCIAL POSITION

Cash, Investments & Available Funds

Council's cash and investments increased during June 2025 to holdings of $213.9M compared to $201.5M at the end of May 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

30 June 2025

Cash, Investments and Available Funds

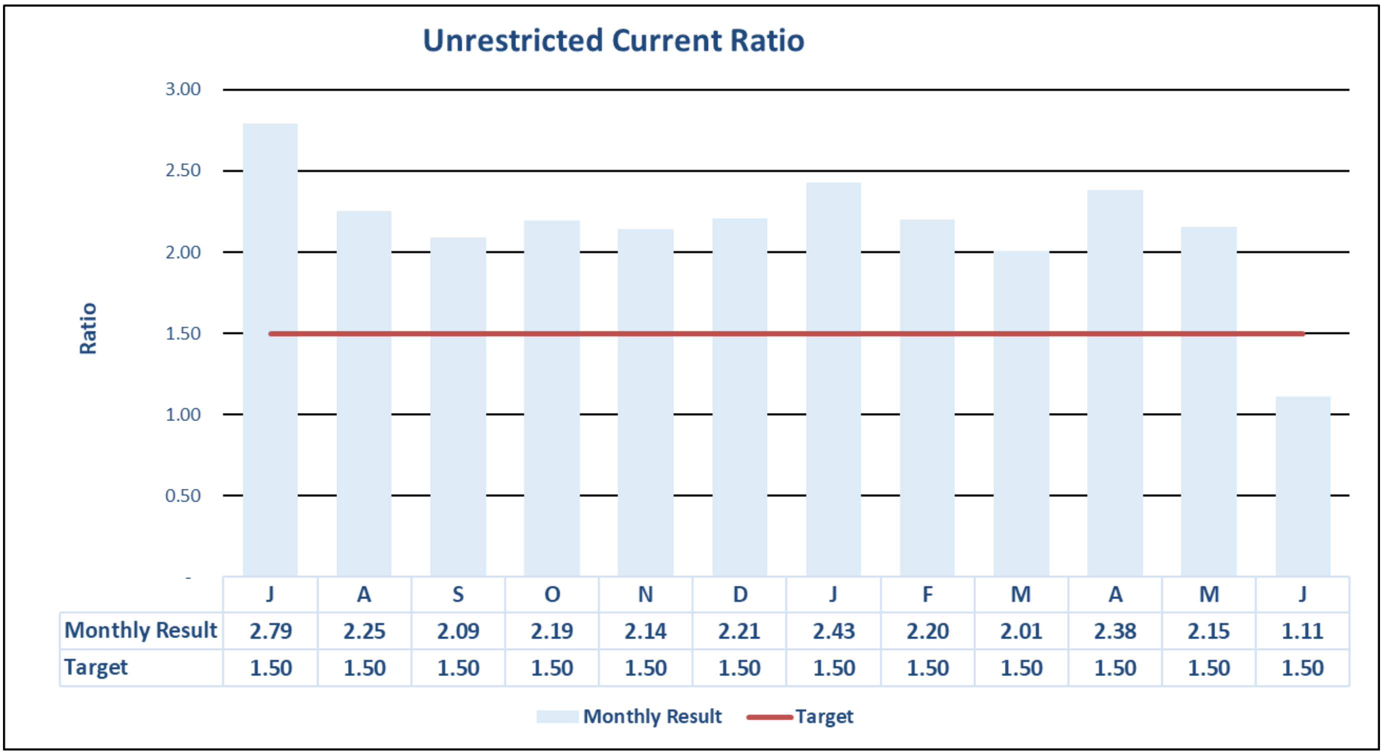
	Actual 2023/24 $M	Original Budget 2024/25 $M	Revised Budget 2024/25 $M	Actuals 2024/25 $M
Total Cash and Investments	**179.5**	**186.1**	**206.2**	**213.9**
Less Restrictions:				
External	86.9	80.0	95.3	103.2
Internal	68.7	86.6	91.8	67.6
CivicRisk Investment	3.1			3.1
Total Restrictions	158.7	166.6	187.1	173.9
Available Cash	**20.8**	**19.5**	**19.1**	**40.0**
Adjusted for :				
Payables	(22.3)	(29.3)	(32.3)	(27.5)
Receivables	32.4	28.6	27.9	30.2
Other	10.5	(2.4)	1.9	3.8
Net Payables & Receivables	20.6	(3.1)	(2.6)	6.5
Available Funds	**41.4**	**16.4**	**16.5**	**46.5**

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 remains above the Financial Strategy target range of 3.5% to 5.5% of operational revenue (pre-capital) illustrating long-term strength in Council's liquidity. The increase in cash and investments over the period remains closely aligned with anticipated cash flows.

In June 2025 the annual review of classification of investments as current or non-current was conducted. This considered intent of holdings that included investment return and liquidity (or combination of both) and reviewed historical transactions by investment type. The result of this work altered the presentation of Floating Rate Notes with a settlement date greater than 12 months being classified as non-current. The transaction moved $47.6M in Floating Rate Notes from current to non-current on the Statement of Financial Position. The transaction reduced the Unrestricted Current Ratio to fall below the existing target of 1.5. It is important to note that Floating Rate Notes can be actively traded, regardless of classification as current or non-current with the investment type still assisting Council in managing its liquidity. There has been no change in Council's liquidity because of this transaction. The Unrestricted Current Ratio target will be reassessed moving forward based on the revised accounting application.

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 30 June 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.

No additional borrowings have been identified in the forward estimates.

Infrastructure, Property, Plant & Equipment

The Statement of Financial Position shows $4.13B of Property, Plant and Equipment at net carrying value, and gross replacement cost $7.2B (excluding $81M in Work In Progress) that are controlled and managed by Council on behalf of the community at 30 June 2025.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 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

The financial result impacted key financial indicators at the end of June through a favourable result for *Total Funds Result Budget versus Actual*, and improved Available Funds performance against full year budget.

Wollongong City Council

1 July 2024 to 30 June 2025

Income Statement

	2024/25 Original Budget $'000	2024/25 Revised Budget $'000	2024/25 Full Year Budget $'000	2024/25 Full Year Actuals $'000	Variance $'000
Income From Continuing Operations					
Revenue:					
Rates and Annual Charges	247,048	247,558	247,558	247,517	(41)
User Charges and Fees	39,990	38,629	38,629	40,087	1,458
Interest and Investment Revenues	6,197	10,650	10,650	10,980	330
Other Revenues	6,074	7,107	7,107	7,285	178
Rental Income	7,028	6,839	6,839	7,035	196
Grants & Contributions provided for Operating Purposes	33,212	17,110	17,110	31,646	14,537
Grants & Contributions provided for Capital Purposes	27,454	29,997	29,997	45,474	15,477
Other Income:	0	0	0	0	0
Profit/Loss on Disposal of Assets	28,516	28,516	28,516	(6,276)	(34,792)
Total Income from Continuing Operations	**395,519**	**386,407**	**386,407**	**383,749**	**(2,658)**
Expenses From Continuing Operations					
Employee Costs	164,095	168,714	168,714	168,817	(102)
Borrowing Costs	557	1,055	1,055	1,143	(88)
Materials & Services	102,189	119,539	119,539	112,174	7,365
Other Expenses	24,257	25,028	25,028	31,549	(6,522)
Depreciation, Amortisation + Impairment	87,113	97,803	97,803	98,098	(295)
Labour Internal Charges	(21,690)	(21,892)	(21,892)	(15,546)	(6,346)
Non-Labour Internal Charges	(2,323)	(2,305)	(2,305)	(1,627)	(678)
Total Expenses From Continuing Operations	**354,198**	**387,942**	**387,942**	**394,608**	**(6,665)**
Operating Result	**41,322**	**(1,535)**	**(1,535)**	**(10,859)**	**(9,324)**
Operating Result [pre capital]	**13,868**	**(31,533)**	**(31,533)**	**(56,333)**	**(24,801)**

Funding Statement

	2024/25 Original Budget $'000	2024/25 Revised Budget $'000	2024/25 Full Year Budget $'000	2024/25 Full Year Actuals $'000	Variance $'000
Net Operating Result for the Year	41,322	(1,535)	(1,535)	(10,859)	(9,324)
Add back :					
- Non-cash Operating Transactions	106,241	104,483	104,483	141,297	36,814
- Restricted cash used for operations	14,601	19,882	19,882	27,499	7,616
- Income transferred to Restricted Cash	(79,972)	(57,953)	(57,953)	(73,056)	(15,103)
Leases Repaid	(132)	(496)	(496)	(507)	(11)
Payment of Employee Entitlements	(15,763)	(15,763)	(15,763)	(19,205)	(3,441)
Funds Available from Operations	**66,297**	**48,618**	**48,618**	**65,169**	**16,552**
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**	**47,962**	**47,962**	**64,512**	**16,550**

Capital Budget Statement

	2024/25 Original Budget $'000	2024/25 Revised Budget $'000	2024/25 Full Year Budget $'000	2024/25 Full Year Actuals $'000	Variance $'000
Assets Acquired	(105,995)	(95,734)	(95,734)	(88,087)	7,647
Contributed Assets	(7,014)	(7,014)	(7,014)	(13,674)	(6,659)
Transfers to Restricted Cash	(2,607)	(31,123)	(31,123)	(2,123)	29,000
Funded From :-					
- Operational Funds	65,642	47,962	47,962	64,512	16,550
- Sale of Assets	3,550	32,066	32,066	2,067	(29,999)
- Internally Restricted Cash	13,920	12,734	12,734	10,608	(2,126)
- Borrowings	0	0	0	0	0
- Capital Grants	15,875	11,035	11,035	10,381	(655)
- Developer Contributions (Section 94)	5,135	5,592	5,592	5,980	388
- Other Externally Restricted Cash	1,547	400	400	93	(307)
- Other Capital Contributions	9,161	7,908	7,908	15,033	7,124
TOTAL FUNDS SURPLUS / (DEFICIT)	**(788)**	**(16,174)**	**(16,174)**	**4,790**	**20,964**

WOLLONGONG CITY COUNCIL

Statement of Financial Position

as at 30 June 2025

	At 30 June 2025 $'000	At 30 June 2,024 $'000
Current Assets		
Cash Assets	**49,586**	44,900
Investment Securities	**67,365**	116,457
Receivables	**30,216**	32,372
Inventories	**6,511**	6,524
Current Contract Assets	**5,366**	10,771
Other	**3,143**	3,561
Assets classified as held for sale	**0**	0
Total Current Assets	**162,187**	214,585
Non-Current Assets		
Non Current Cash Assets	**46,250**	15,000
Non Current Investment Securities	**50,687**	3,117
Non-Current Inventories	**0**	0
Property, Plant and Equipment	**4,133,992**	4,056,151
Investment Properties	**5,650**	5,100
Intangible Assets	**0**	0
Right-Of-Use Assets	**2,276**	1,332
Total Non-Current Assets	**4,238,855**	4,080,700
TOTAL ASSETS	**4,401,042**	4,295,285
Current Liabilities		
Current Payables	**27,483**	22,273
Current Contract Liabilities	**23,174**	12,543
Current Lease Liabilities	**395**	460
Current Provisions payable < 12 months	**20,711**	18,706
Current Provisions payable > 12 months	**40,809**	42,119
Current Interest Bearing Liabilities	**0**	657
Total Current Liabilities	**112,572**	96,758
Non-Current Liabilities		
Non Current Interest Bearing Liabilities	**0**	0
N/C Lease Liabilities	**2,072**	963
Non Current Provisions	**50,603**	49,685
Total Non-Current Liabilities	**52,675**	50,648
TOTAL LIABILITIES	**165,247**	147,406
NET ASSETS	**4,235,795**	4,147,879
Equity		
Accumulated Surplus	**1,521,751**	1,534,631
Asset Revaluation Reserve	**2,561,571**	2,466,361
Restricted Assets	**152,473**	146,887
TOTAL EQUITY	**4,235,795**	4,147,879

WOLLONGONG CITY COUNCIL

Cash Flows and Investments

as at 30 June 2025

	At 30 June 2025 $ '000	At 30 June 2024 $ '000
Cash Flows From Operating Activities		
Receipts		
Rates & Annual Charges	247,522	232,873
User Charges & Fees	39,909	42,526
Interest & Interest Received	9,061	8,575
Grants & Contributions	97,659	68,654
Bonds, deposits and retention amounts received	167	886
Other	31,727	29,432
Payments		
Employee Benefits & On-costs	(153,952)	(142,434)
Materials & Contracts	(126,740)	(138,853)
Borrowing Costs	(141)	(127)
Bonds, deposits and retention amounts refunded	-	(1,352)
Other	(22,192)	1,578
Net Cash provided (or used in) Operating Activities	**123,019**	**101,758**
Cash Flows From Investing Activities		
Receipts		
Sale of Investments	50,649	37,813
Sale of Investment Property		
Sale of Real Estate Assets		
Sale of Infrastructure, Property, Plant & Equipment	2,067	848
Payments:		
Purchase of Investments	(79,128)	(38,090)
Purchase of Investment Property	(1,100)	
Purchase of Infrastructure, Property, Plant & Equipment	(89,795)	(98,797)
Net Cash provided (or used in) Investing Activities	**(117,306)**	**(98,226)**
Cash Flows From Financing Activities		
Payments:		
Repayment of Borrowings & Advances	(657)	(2,572)
Repayment of Finance Lease Liabilities	(370)	(431)
Net Cash Flow provided (used in) Financing Activities	**(1,027)**	**(3,003)**

WOLLONGONG CITY COUNCIL

Cash Flows and Investments

as at 30 June 2025

	At 30 June 2025 $ '000	At 30 June 2024 $ '000
Total Cash & Cash Equivalents and Investments - year to date	**213,888**	**179,474**
Attributable to:		
External Restrictions (refer below)	103,184	86,881
Internal Restrictions (refer below)	67,583	68,674
Unrestricted	43,121	23,919
	213,888	**179,474**
External Restrictions		
Developer Contributions	73,967	55,949
RMS Contributions	402	422
Specific Purpose Unexpended Grants	13,381	11,730
Special Rates Levy Wollongong Mall	1,062	962
Special Rates Levy Wollongong City Centre	94	94
Local Infrastructure Renewal Scheme	-	-
Unexpended Loans	973	924
Domestic Waste Management	6,033	5,321
Private Subsidies	2,898	6,943
Housing Affordability	3,120	3,029
Stormwater Management Service Charge	1,254	1,507
Total External Restrictions	**103,184**	**86,881**
Internal Restrictions		
Property Investment Fund	5,532	5,396
Strategic Projects	31,700	32,991
Sports Priority Program	856	524
Car Parking Stategy	1,372	1,223
MacCabe Park Development	2,190	2,040
Darcy Wentworth Park	18	18
Garbage Disposal Facility	5,982	10,854
West Dapto Development	19,259	14,927
Natural Areas	173	173
Lake Illawarra Estuary Management Fund	501	528
Total Internal Restrictions	**67,583**	**68,674**