

### 10.3. July 2025 Month-End Financial Report

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<b>ATTACHMENTS</b>	Nil
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

#### **PURPOSE:**

This report provides an overview of North Sydney Council's financial performance for the period ended 31 July 2026. It compares budgeted versus actual financial results and year-to-date (YTD) trends to support decision-making and financial planning.

#### **EXECUTIVE SUMMARY:**

- For the first month of 2025/26, Council's operating result before capital grants and contributions is in line with budget, with a small favourable variance of \$0.255 million.
- The overall surplus from continuing operations was \$79.727 million, which is \$3.330 million above the YTD budget, mainly due to higher-than-expected developer contributions (\$3.075 million above budget) and stronger interest income (\$0.151 million above budget). These gains were partly offset by lower user charges and fees (\$0.428 million below budget) and other income (\$0.214 million below budget).
- Operating expenses were \$0.658 million below budget, with savings in employee costs (\$0.270 million), materials and services (\$0.324 million), and other expenses (\$0.041 million), partly offset by minor variances in other categories.
- Overall, income was 102.97% of budget for the month and expenses were 95.11% of budget. While early developer contributions and higher interest earnings have boosted the result, continued monitoring of core revenue streams, particularly user charges and fees, will be important.

#### **RECOMMENDATION:**

- 1. THAT** Council note the July 2025 End of Month financial results.

## Background

The July results represent the first month of the 2025/26 financial year and therefore only capture approximately 8.3% (1/12) of the annual budgeted activity. Variances at this stage of the year are often due to timing differences, phasing of revenue and expenditure across the year, and the impact of one-off transactions.

Council's phasing process allocates the annual budget across months based on expected patterns of income and expenditure. For example, rates and annual charges are largely recognised in the first quarter when levies are issued, while other revenues and costs are phased more evenly or in line with project milestones. As such, some variances in July reflect timing rather than underlying performance trends.

## Report

The material variations are presented below.

**Table 1 - Income Statement for the YTD July 2025**

Income from Continuing Operations	July YTD 2025/26 Actual (\$'000)	July YTD 2025/26 Budget (\$'000)	Variance (YTD Actuals vs YTD Budget) ('000)	Variance (Actuals vs Budget) ('000)	2025/26 Total Budget (\$'000)	% YTD Actual to TOTAL Budget
Rates	\$64,601	\$64,881	(\$279)	0%	\$64,881	99.57%
Annual Charges	\$18,743	\$18,584	\$160	1%	\$18,584	100.86%
User charges and fees	\$3,604	\$4,031	(\$428)	-11%	\$38,323	89.39%
Other revenue	\$826	\$826	\$0	0%	\$10,895	100.03%
Interest and Investment revenue	\$477	\$326	\$151	46%	\$3,912	146.45%
Other income	\$498	\$518	(\$21)	-4%	\$7,571	96.02%
Grants and Contributions - Operating	\$69	\$55	\$14	26%	\$4,455	125.69%
Grants and Contributions - Capital	\$3,695	\$620	\$3,075	496%	\$13,388	595.71%
<b>Total Income from Continuing Operations</b>	<b>\$92,514</b>	<b>\$89,843</b>	<b>\$2,673</b>		<b>\$162,010</b>	<b>102.97%</b>
Employee benefits and on-costs	(\$4,500)	(\$4,770)	\$270	-6%	(\$57,238)	94.33%
Materials and services	(\$5,137)	(\$5,461)	\$324	-6%	(\$54,891)	94.07%
Borrowing costs	(\$208)	(\$207)	(\$0)	0%	(\$2,488)	100.09%
Depreciation and amortisation	(\$2,515)	(\$2,515)	(\$0)	0%	(\$31,518)	100.01%
Other Expenses	(\$428)	(\$468)	\$41	-9%	(\$4,987)	91.32%
Net Loss (Gain) from disposal of assets	\$0	(\$23)	\$23	-100%	(\$277)	0.00%
<b>Total Expenses from Continuing Operations</b>	<b>(\$12,786)</b>	<b>(\$13,444)</b>	<b>\$658</b>		<b>(\$151,399)</b>	<b>95.11%</b>
<b>Operating Result from Continuing Operations</b>	<b>\$79,727</b>	<b>\$76,399</b>	<b>\$3,330</b>		<b>\$10,608</b>	
<b>Net Operating results before capital grants and contributions</b>	<b>\$76,032</b>	<b>\$75,779</b>	<b>\$255</b>		<b>(\$2,779)</b>	

## Budget vs. Actual Comparison (July 2026 - Income Statement)

### Rates

YTD income is \$64.601 million, \$0.279 million below budget. This is a timing issue, with supplementary rates expected to be received later in the year that will bring this line in line with the annual budget.

## Annual Charges

YTD income is \$18.743 million, \$0.160 million (1%) above budget, due to changes in services compared to the original budget assumptions.

## User Charges and Fees

YTD income is \$3.604 million, \$0.428 million (11% below budget), primarily due to lower-than-expected income from off street and on street parking as well as regulatory and statutory fees. These revenue streams will be closely monitored during the first quarter, with any necessary adjustments to be proposed in the September Quarterly Review

The table below, represents the variance between expected and actual income raised for the month of July 2026.

Type	July 2026 - ACTUALS	July 2026 - BUDGET	Variance
Fees – Off-Street Parking	484,716	637,756	- 153,040
Fees – On-Street Parking	506,201	735,275	- 229,074
Fees - Regulatory & Statutory Fees	466,007	645,390	- 179,383
<b>TOTAL</b>	<b>1,456,923</b>	<b>2,018,421</b>	<b>- 561,498</b>

## Interest and Investment Revenue

YTD income is \$0.477 million, \$0.151 million (46%) above budget due to higher-than-expected cash levels resulting in greater investment returns.

## Grants and Contributions – Capital

YTD income is \$3.695 million, \$3.075 million (496% above budget), driven by higher-than-expected developer contributions received early in the financial year. The largest contributor to this variance is the DA payment of \$1,997,836 for DA 92/21, 12–14 Waters Road, Neutral Bay.

## Cash And Cash Equivalentents

The total cash and investment balances are \$142,762,260.

The following table details the reserves held. Council had an unrestricted cash balance of \$9 million.

<b>External Restrictions and Internal Allocations</b>	<b>Jul-25</b>
<b>External restrictions</b>	
Developer contributions – general	\$54,034,522
Domestic waste management	\$15,519,141
Stormwater management charges	\$135,759
Unexpended Special Rates	\$364,440
Specific purpose grants	\$3,982,714
Other specific purpose contributions	\$1,684,178
North Sydney Olympic Pool funds carry-over	\$27,617,162
Bradfield Park TfNSW Lease Reserve	\$650,142
Cammeray Park TfNSW Lease Reserve	\$785,157
<b>Total external restrictions</b>	<b>\$104,773,215</b>
<b>Internal allocations</b>	
Capital Works Reserve	\$2,886,821
Deposits, retentions, and bonds	\$15,941,780
Employees leave entitlement	\$7,065,626
<b>Total internal allocations</b>	<b>\$25,894,227</b>
<b>Total Restrictions and Allocations</b>	<b>\$130,667,442</b>
Unrestricted Cash and Investments	<b>\$12,094,818</b>
<b>Total Cash and Investments</b>	<b>\$142,762,260</b>

Further adjustments may be made to the above reserve allocations above as Council officers finalise the financial statements for the year ended 30 June 2025.

Overall, the early results are in line with the patterns expected by Council at this stage of the financial year. Variances in July largely reflect the phasing of income and expenditure, and results are expected to align with budget forecasts as the year progresses. Parking income, which is currently below budget, will be monitored closely, and any necessary adjustments will be considered as part of the September Quarterly Review.

### **Continuous Improvement**

As part of Council's organisational improvement program, Council staff continue to work towards improvement in process and reporting.

### **Consultation requirements**

Community engagement is not required.

### **Financial/Resource Implications**

The YTD July 2026 financial report indicates results in line with the patterns expected by Council at this stage of the financial year.

## **Legislation**

The content of this report will be used in the preparation of the end of the financial reports. Clause 203, of the Local Government (General) Regulation 2021, requires that a quarterly budget review be considered by Council, which shows revised estimates for income and expenditure for the year, indicates whether Council's financial position is satisfactory and makes recommendations for remedial action where needed.