

10.5. August 2025 Month-End Financial Report

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ATTACHMENTS	Nil
CSP LINK	Outcome 8 – An effective, accountable and sustainable Council that serves the community G6. Commit to efficiency and value for money in service delivery G8. Manage Council’s finances through robust long-term planning and ongoing financial management

PURPOSE:

This report provides an overview of North Sydney Council’s financial performance for the period ended 31 August 2025. It compares budgeted versus actual financial results and year-to-date (YTD) trends to support decision-making and financial planning.

EXECUTIVE SUMMARY:

- For the second month of 2025/26, Council’s operating result before capital grants and contributions is broadly in line with budget, recording a favourable variance of \$2.460 million.
- The overall surplus from continuing operations was \$76.011 million, which is \$5.094 million above the year-to-date budget. This result was mainly driven by higher-than-expected developer contributions (\$2.634 million above budget), as well as stronger revenues from grants and infringement income (\$0.480 million), regulatory and statutory fees (\$0.221 million) and North Sydney Oval income (\$0.300 million).
- Operating expenses were \$1.678 million below budget, with savings in employee costs (\$1.0 million) and other expenses (\$0.516 million), partly offset by minor variances across other categories.
- Overall, income was 103.56% of budget for the month, while expenses were 93.29% of budget. Although early developer contributions and savings in Materials and Services have strengthened results to date, ongoing monitoring of core revenue streams - particularly user charges and fees - will remain important.

RECOMMENDATION:

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

Background

The August results represent the second month of the 2025/26 financial year and therefore reflect only around 16.7% (2/12) of the annual budgeted activity. At this stage, variances are often driven by timing differences, the phasing of revenue and expenditure across the year, and the impact of one-off transactions.

Council's phasing process distributes the annual budget across months based on expected income and expenditure patterns. For example, rates and annual charges are primarily recognised in the first quarter when levies are issued, while other revenues and costs are phased more evenly or aligned with project milestones. Accordingly, some variances in August reflect timing issues rather than underlying performance trends.

Report

The material variations are presented below.

Table 1 - Income Statement for the YTD August 2025

Income from Continuing Operations	August YTD 2025/26 Actual (\$'000)	August 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	\$64,591	\$64,821	(\$230)	0%	\$64,881	99.55%
Annual Charges	\$18,737	\$18,584	\$153	1%	\$18,584	100.82%
User charges and fees	\$7,120	\$6,827	\$294	4%	\$38,323	18.58%
Other revenue	\$2,131	\$1,651	\$480	29%	\$10,895	19.56%
Interest and Investment revenue	\$662	\$652	\$10	2%	\$3,912	16.93%
Other income	\$1,157	\$1,037	\$120	12%	\$7,571	15.29%
Grants and Contributions - Operating	\$1,084	\$1,130	(\$47)	-4%	\$4,455	24.32%
Grants and Contributions - Capital	\$3,875	\$1,241	\$2,634	212%	\$13,388	28.95%
Total Income from Continuing Operations	\$99,358	\$95,944	\$3,416		\$162,011	61.33%
Employee benefits and on-costs	(\$8,502)	(\$9,540)	\$1,038	-11%	(\$57,238)	14.85%
Materials and services	(\$9,122)	(\$9,148)	\$26	0%	(\$54,891)	16.62%
Borrowing costs	(\$390)	(\$415)	\$25	-6%	(\$2,488)	15.66%
Depreciation and amortisation	(\$5,029)	(\$5,029)	\$0	0%	(\$31,518)	15.96%
Other Expenses	(\$331)	(\$847)	\$516	-61%	(\$4,987)	6.64%
Net Loss (Gain) from disposal of assets	\$27	(\$46)	\$73	-158%	(\$277)	-9.74%
Total Expenses from Continuing Operations	(\$23,347)	(\$25,025)	\$1,678		(\$151,398)	15.42%
Operating Result from Continuing Operations	\$76,011	\$70,919	\$5,094		\$10,608	
Net Operating results before capital grants and contributions	\$72,136	\$69,678	\$2,460		(\$2,779)	

The budget included a \$6 million net result improvement target, comprising a \$1 million increase in fees and charges income, a \$1 million increase in other income, a \$1 million reduction in employee costs, and a \$3 million reduction in materials and services. These components will be tracked and reported as part of each Quarterly Budget Reviews.

It should be noted that to achieve these savings will require changes to service levels along with internal efficiencies.

Budget vs. Actual Comparison (August 2026 - Income Statement)

Rates

Year-to-date income is \$64.591 million, which is \$0.230 million below budget. This variance is due to timing, as supplementary rates are expected to be received later in the year and will bring this item back in line with the annual budget.

Annual Charges

Year-to-date income is \$18.737 million, which is \$0.153 million (1%) above budget. The variance reflects changes in service levels compared with the original budget assumptions.

User Charges and Fees

YTD income is \$7.120 million, which is \$0.294 million (4%) above budget.

Parking income from both on-street and off-street sources remains below budget, although there are signs of recovery. The current unfavourable variance is \$0.366 million, or 2% of the budgeted amount.

The favourable result is largely driven by user charges:

- Regulatory and statutory fees: \$0.221 million (3%) above budget.
- North Sydney Ovals: \$0.300 million above budget, primarily due to Rugby Festival income and a high number of key winter sporting events held through August. From an annual perspective, these gains are expected to be offset by expenses associated with the Rugby Festival and a slower September/October period as operations transition to summer sports.

These revenue streams will continue to be closely monitored during the first quarter, with any required adjustments to be proposed in the September Quarterly Review.

Other revenue

The higher-than-expected Other Revenue is mainly attributable to infringement income (\$0.198 million) and legal cost recoveries (\$0.032 million).

Grants and Contributions – Capital

YTD income is \$3.875 million, which is \$2.634 million (212%) above budget. This variance is driven by higher-than-expected developer contributions received early in the financial year, the largest being a \$1.998 million payment for DA 92/21, 12–14 Waters Road, Neutral Bay.

Employee benefits and on-costs

Employee costs are 11% below budget; however, \$0.25 million of the 1.03 million saving is offset by the use of labour contractors, which are recorded under Materials and Services.

Materials and services

While Materials and Services are in line with budget overall, \$0.25 million of contractor costs are attributable to the variance in the Employee Benefits and On-costs line. After adjusting for this, year-to-date Materials and Services are \$0.25 million below budget.

Capital Projects

The total capital projects budget for the 2025/26 financial year is \$52.819 million. Following the finalisation of the 2024/25 results, projects totalling \$6.614 million were carried forward into 2025/26. These carried-forward projects, with various sources of funding, were budgeted and initiated in the previous financial year but not completed.

Capital expenditure for the first two months totals \$4.594 million, of which \$3.654 million relates to the North Sydney Pool Project. This level of expenditure is typical at the start of the financial year, when many projects are still in the design and procurement stages.

Cash And Cash Equivalents

The total cash and investment balances are \$155,594,045.

Following the finalisation of the 2024/25 financial results and the allocation of actual project expenditure across reserves, Council has replenished several reserves.

The following table details the reserves held. Council's unrestricted cash balance is \$12,420,213.

External Restrictions and Internal Allocations	Aug-25
External restrictions	
Developer contributions	\$56,241,728
Domestic waste management	\$20,592,950
Stormwater management charges	\$315,942
Unexpended Special Rates	\$239,884
Specific purpose grants	\$5,286,220
Other specific purpose contributions	\$1,997,762
Bradfield Park TfNSW Lease Reserve	\$650,142
Cammeray Park TfNSW Lease Reserve	\$785,157
Olympic Pool Redevelopment	\$24,541,124
Total external restrictions	\$110,650,910
Internal allocations	
Project carry-forward balances	\$1,251,947

External Restrictions and Internal Allocations	Aug-25
Community Housing - Capital Purchases	\$1,010,000
Community Housing - Major Maintenance	\$491,000
Deposits, retentions, and bonds	\$15,864,497
Employees leave entitlement	\$7,127,000
Income Producing Projects	\$498,000
I.T. hardware and software (carry-forward)	\$1,074,574
Plant and vehicle replacement	\$3,921,903
Financial Assistance Grant	\$1,284,000
Total internal allocations	\$32,522,922
Total Restrictions and Allocations	\$143,173,832
Unrestricted Cash and Investments	\$12,420,213
Total Cash and Investments	\$155,594,045

Overall, the early results are consistent with Council's expectations at this stage of the financial year. Parking income remains below budget and will be monitored closely, with any necessary adjustments to be considered in 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 August 2025 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.