

## **5 FINANCIAL ITEMS**

### **5.1 Monthly Finance Report September 2025**

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#### **Recommendation**

***That Council receives the Monthly Financial Report – September 2025***

#### **Report Purpose**

To present to Council the monthly financial report for September 2025.

#### **Executive Summary**

For 2025-26 FY Council has budgeted, on a consolidated basis, an adopted operating surplus before capital income of \$9.8M. As at 30 September 2025, Council has an operating deficit of \$0.2M, compared to a YTD budgeted operating deficit of \$6.9M.

The budgeted net operating position will fluctuate throughout the financial year, reflecting timing of income and expenditure. In the first half of financial year, Council's original budgeted operating position will remain as a deficit, mainly due to timing of approximately half of the Financial Assistance Grant advance payment budget (\$16.8M) currently phased in June 2026 based on past advance payment experience. These budget assumptions will be reviewed closely as part of the September 2025 Quarterly Budget Review process.

The YTD favourable variance of \$6.7M represents less than 1% of Council's gross annual operating expenditure budget of \$885.4M.

#### **Background**

The monthly financial report has been prepared in accordance with the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

**Report**FY2025-26 Year to Date Summary- September*Consolidated Operating Statement*


As at 30 September 2025, Council has a consolidated net operating deficit of \$0.2M, before capital income, which is favourable to YTD budget by \$6.7M. The overall variance is predominantly driven by a YTD favourable variance in operating expenses, being a favourable YTD variance of \$4.0M (2% of YTD operating expenses budget) and a YTD favourable variance in operating income against budget of \$2.7M (1% of YTD operating income budget).

Whilst YTD income and YTD expenses are within 5% variance compared to YTD Budget, there are line items which are greater than 5% variance, and the reasons are discussed in detail under variance analysis.

The net operating surplus including capital income is \$6.2M which is unfavourable to YTD budget by \$0.7M.

Most YTD Budget variances reported as at 30 September 2025 are deemed to be predominantly timing. It is noted that all timing and true variances identified will be addressed as part of September 2025 Quarterly Budget Review (QBR) process.

**Table 1 – Consolidated (all Funds) Operating Statement September 2025**

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <b>Consolidated</b>  <b>Operating Statement</b>  <b>September 2025</b> </div>  </div>							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
<b>Operating Income</b>							
Rates and Annual Charges	459,605	483,772	483,772	117,531	117,321	(210)	0%
User Charges and Fees	181,232	189,240	189,240	28,155	30,215	2,060	7%
Other Revenue	21,111	18,131	18,131	3,266	5,122	1,856	57%
Interest	45,062	40,975	40,975	5,096	5,006	(90)	2%
Grants and Contributions	44,393	44,993	44,993	7,665	7,457	(208)	3%
Gain on Disposal	1,428	1,000	1,000	-	558	558	100%
Other Income	11,276	11,231	11,231	3,625	3,729	104	3%
Internal Revenue	108,577	105,794	105,794	26,052	24,659	(1,393)	5%
<b>Total Income attributable to Operations</b>	<b>872,685</b>	<b>895,136</b>	<b>895,136</b>	<b>191,390</b>	<b>194,066</b>	<b>2,676</b>	<b>1%</b>
<b>Operating Expenses</b>							
Employee Costs	225,356	234,265	234,265	58,360	55,797	2,563	4%
Borrowing Costs	13,214	14,069	14,069	1,051	1,036	15	1%
Materials and Services	240,236	256,748	256,748	53,363	51,440	1,923	4%
Depreciation and Amortisation	211,448	228,071	228,071	55,458	56,181	(724)	1%
Other Expenses	46,109	52,794	52,794	6,321	5,661	660	10%
Loss on Disposal	9,410	3,500	3,500	-	805	(805)	100%
Internal Expenses	98,414	95,920	95,920	23,756	23,377	379	2%
Overheads	-	-	-	0	-	0	100%
<b>Total Expenses attributable to Operations</b>	<b>844,186</b>	<b>885,367</b>	<b>885,367</b>	<b>198,308</b>	<b>194,297</b>	<b>4,011</b>	<b>2%</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>28,499</b>	<b>9,769</b>	<b>9,769</b>	<b>(6,918)</b>	<b>(231)</b>	<b>6,687</b>	
Capital Grants	78,236	75,015	75,015	6,375	2,885	(3,491)	55%
Capital Contributions	51,222	29,748	29,748	7,445	3,514	(3,931)	53%
<b>Grants and Contributions Capital Received</b>	<b>129,459</b>	<b>104,764</b>	<b>104,764</b>	<b>13,821</b>	<b>6,398</b>	<b>(7,422)</b>	<b>54%</b>
<b>Net Operating Result</b>	<b>157,958</b>	<b>114,532</b>	<b>114,532</b>	<b>6,902</b>	<b>6,167</b>	<b>(735)</b>	<b>11%</b>

Variance analysis of the consolidated operating result is as follows:

#### Key Variances from Operating Income YTD

Timing variances:

- Water and Sewer user charges - \$2.9M favourable
- Waste Management Facility gate fees - \$1.3M unfavourable
- Parking and other fines – \$0.4M favourable
- Certification and Compliance Fees - \$0.4M favourable
- Internal Tipping Income - \$0.9M unfavourable
- Internal Roads Program Delivery - \$0.4M unfavourable

True variances

- Biodiversity Credit - \$1.4M favourable
- Gain on Disposal (Plant & Fleet) - \$0.6M favourable

Key Variances from Operating Expenditure YTD

## Timing variances:

- Waste and Resource Recovery - \$1.7M favourable
- RMS ordered works and Internal Roads Program Delivery - \$0.9M favourable
- Development Assessment - \$0.9M favourable
- Commercial Property - \$0.7M favourable
- Water and Sewer (operating projects, software licence renewals and contract payments)- \$4.2M unfavourable
- Depreciation (Various Assets) - \$0.8M unfavourable
- Loss on Disposal - \$0.8M unfavourable
- EPA levy - \$0.4M favourable
- Community grants - \$0.2M favourable

## True variances

- Employee Costs - \$2.6M favourable
- Event Programs - \$0.3M favourable
- Town Centres - \$0.4M favourable
- Governance Risk & Legal - \$0.6M favourable

Key Variances from Capital Grants and Contributions YTD


## Timing variances

- Capital Grants - \$3.4M unfavourable
- Capital Contributions - \$3.9M unfavourable

## Financial Performance by Fund

The following Tables summarise the financial performance for the reporting period by Fund.

**Table 2 – General (including Drainage and Waste) Fund Operating Statement – September 2025**

<b>Total General (+Drainage &amp; Waste) Fund</b> <b>Operating Statement</b> <b>September 2025</b> 							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
<b>Operating Income</b>							
Rates and Annual Charges	329,283	346,440	346,440	86,314	85,717	(597)	1%
User Charges and Fees	84,512	91,275	91,275	18,897	18,014	(883)	5%
Other Revenue	20,276	18,131	18,131	3,266	4,981	1,715	53%
Interest	32,670	30,667	30,667	3,872	3,635	(238)	6%
Grants and Contributions	44,247	44,993	44,993	7,665	7,364	(301)	4%
Gain on Disposal	1,428	1,000	1,000	-	558	558	100%
Other Income	11,276	11,231	11,231	3,625	3,729	104	3%
Internal Revenue	104,259	101,361	101,361	25,645	24,190	(1,455)	6%
<b>Total Income attributable to Operations</b>	<b>627,950</b>	<b>645,098</b>	<b>645,098</b>	<b>149,284</b>	<b>148,187</b>	<b>(1,097)</b>	<b>1%</b>
<b>Operating Expenses</b>							
Employee Costs	181,667	188,362	188,362	46,473	44,333	2,140	5%
Borrowing Costs	4,780	4,314	4,314	224	219	5	2%
Materials and Services	188,759	199,441	199,441	44,079	38,233	5,845	13%
Depreciation and Amortisation	125,130	133,183	133,183	33,807	34,484	(677)	2%
Other Expenses	45,551	52,794	52,794	6,321	5,652	670	11%
Loss on Disposal	6,475	2,000	2,000	-	805	(805)	100%
Internal Expenses	80,415	82,396	82,396	20,541	19,811	729	4%
Overheads	(27,456)	(26,889)	(26,889)	(6,722)	(6,722)	0	0%
<b>Total Expenses attributable to Operations</b>	<b>605,322</b>	<b>635,602</b>	<b>635,602</b>	<b>144,722</b>	<b>136,814</b>	<b>7,908</b>	<b>5%</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>22,629</b>	<b>9,496</b>	<b>9,496</b>	<b>4,562</b>	<b>11,372</b>	<b>6,810</b>	<b>149%</b>
Capital Grants	66,948	57,556	57,556	4,618	1,526	(3,092)	67%
Capital Contributions	39,547	22,662	22,662	5,673	1,858	(3,815)	67%
<b>Grants and Contributions Capital Received</b>	<b>106,495</b>	<b>80,218</b>	<b>80,218</b>	<b>10,291</b>	<b>3,384</b>	<b>(6,907)</b>	<b>67%</b>
<b>Net Operating Result</b>	<b>129,124</b>	<b>89,714</b>	<b>89,714</b>	<b>14,853</b>	<b>14,756</b>	<b>(97)</b>	<b>1%</b>

**Table 3 – Water and Sewer Fund Operating Statement - September 2025**

<div> <div>Total Water &amp; Sewer Fund</div> <div>Operating Statement</div> <div>September 2025</div> <div>Central Coast Council</div> </div>							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
<b>Operating Income</b>							
Rates and Annual Charges	130,323	137,332	137,332	31,217	31,605	387	1%
User Charges and Fees	96,720	97,965	97,965	9,259	12,201	2,942	32%
Other Revenue	835	-	-	-	141	141	100%
Interest	12,392	10,308	10,308	1,223	1,371	148	12%
Grants and Contributions	146	-	-	-	93	93	100%
Gain on Disposal	-	-	-	-	-	-	100%
Other Income	-	-	-	-	-	-	100%
Internal Revenue	4,319	4,433	4,433	407	469	62	15%
<b>Total Income attributable to Operations</b>	<b>244,735</b>	<b>250,038</b>	<b>250,038</b>	<b>42,106</b>	<b>45,880</b>	<b>3,774</b>	<b>9%</b>
<b>Operating Expenses</b>							
Employee Costs	43,689	45,903	45,903	11,887	11,464	423	4%
Borrowing Costs	8,433	9,755	9,755	827	817	10	1%
Materials and Services	51,477	57,307	57,307	9,284	13,207	(3,923)	42%
Depreciation and Amortisation	86,318	94,887	94,887	21,651	21,697	(46)	0%
Other Expenses	558	-	-	-	10	(10)	100%
Loss on Disposal	2,935	1,500	1,500	-	-	-	100%
Internal Expenses	17,998	13,524	13,524	3,215	3,566	(351)	11%
Overheads	27,456	26,889	26,889	6,722	6,722	-	0%
<b>Total Expenses attributable to Operations</b>	<b>238,865</b>	<b>249,765</b>	<b>249,765</b>	<b>53,586</b>	<b>57,483</b>	<b>(3,897)</b>	<b>7%</b>
<b>Operating Result after Overheads and before Capital Amounts</b>	<b>5,870</b>	<b>273</b>	<b>273</b>	<b>(11,480)</b>	<b>(11,603)</b>	<b>(123)</b>	<b>1%</b>
Capital Grants	11,288	17,459	17,459	1,758	1,359	(399)	23%
Capital Contributions	11,675	7,086	7,086	1,772	1,656	(116)	7%
<b>Grants and Contributions Capital Received</b>	<b>22,963</b>	<b>24,545</b>	<b>24,545</b>	<b>3,529</b>	<b>3,015</b>	<b>(515)</b>	<b>15%</b>
<b>Net Operating Result</b>	<b>28,834</b>	<b>24,818</b>	<b>24,818</b>	<b>(7,951)</b>	<b>(8,589)</b>	<b>(638)</b>	<b>8%</b>

### Cash and Investments

Details on cash and investments as at 30 September 2025 are included in the Monthly Investment Report September 2025.

### Loans

As at 30 September 2025 Council has borrowings totalling \$207.5M, across all Funds and including the remaining Emergency Loan that is due to be fully paid in November 2025.

**Table 4 – Outstanding loan borrowings by Fund – September 2025**

<b>Fund</b>	<b>General Fund</b>	<b>Drainage Fund</b>	<b>General Fund Consolidated with Drainage Fund</b>	<b>Water and Sewer Fund</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
External loans – current	3,405	1,297	4,702	26,716
External loans - non current (excluding emergency loan)	9,312	4,872	14,184	128,037
Emergency loan	33,889	0	33,889	0
<b>Total external loans</b>	<b>46,606</b>	<b>6,169</b>	<b>52,775</b>	<b>154,753</b>

Current loans refer to loans payable in the next 12 months, while non-current loans are those payable after that. During the month of September a change in classification between current and non-current loans of \$558K was identified and processed. This did not impact the overall amount outstanding, but impacted the split between current and non-current loans.

Borrowing for infrastructure assets such as sewer, water, and drainage assets, which benefit multiple generations is appropriate, and is good practice, to achieve intergenerational equity.

#### General Fund Debt

Although Council has sufficient unrestricted cash to extinguish all General Fund loans, it is not prudent to do so as early payment would result in breaking costs, and the investment portfolio is returning a higher rate than the holding costs of the loans.

After the extinguishment of one of the emergency loans taken out in 2020, Council has the second emergency loan due to be refinanced or extinguished in November 2025.

During the month of September 2025, a repayment of \$0.3M was made against the emergency loan, reducing the balance to \$33.9M as at the end of this reporting period.

Council is setting aside \$1.4M each month in an internal restriction to be able to repay the Emergency Loan in November 2025 without the need to refinance any part of the loan, and without impacting on unrestricted cash at time of payment.

Excluding the outstanding emergency loan, Council has a relatively low level of debt considering the size of this Council.

#### Capital Works

For 2025-26, Council has a FY capital budget of \$320.1M. As at 30 September 2025 capital expenditure is \$43.3M against a YTD budget of \$57.2M for the same period. Commitments (approved purchase orders to external suppliers) of \$75.1M have been raised for delivery this financial year.

Delivery of works is impacted by a number of factors including inclement weather conditions including natural disasters, availability of suppliers, and any required planning and approval processes.

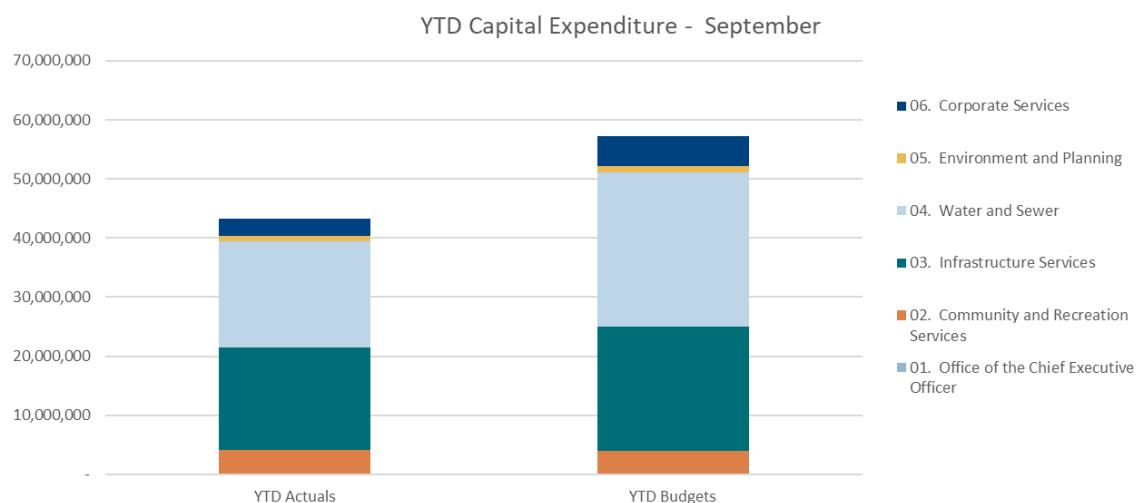
The current expenditure against budget indicates that delivery of works is tracking behind the budget. During the September QBR, these budget assumptions will be closely reviewed together with capital carryovers from 2024-25 to ensure that Council's overall capital works program remains within the organisation's capacity to resource and deliver the adopted Operational Plan.

**Table 5 – Capital Expenditure – September 2025**

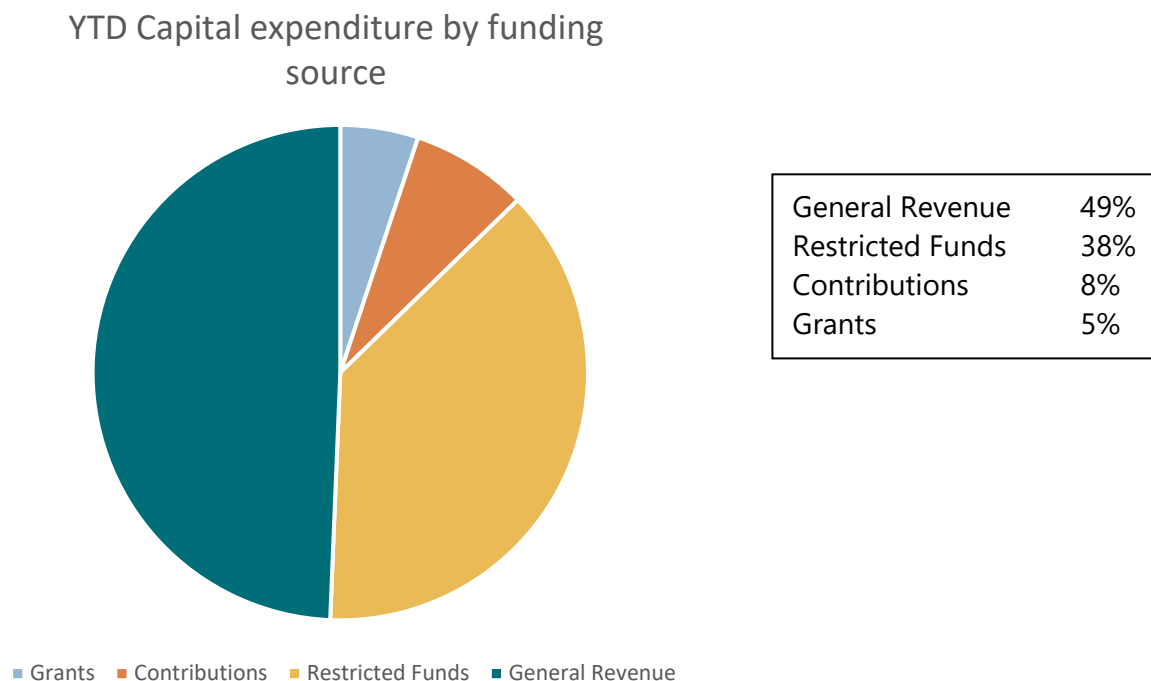
Department	Original Budget	FULL YEAR Budget	YTD Budgets	YTD Actuals	Current FY Commitments	YTD Variance * (excluding commitments)	YTD Variance % (excluding commitments)
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	%
01. Office of the Chief Executive Officer	-	-	-	-	-	-	-
02. Community and Recreation Services	33,328	33,328	4,024	4,150	5,344	126	3%
03. Infrastructure Services	122,122	122,122	20,980	17,333	21,735	(3,647)	(17%)
04. Water and Sewer	132,192	132,192	26,131	17,981	31,987	(8,150)	(31%)
05. Environment and Planning	11,641	11,641	1,058	951	4,505	(107)	(10%)
06. Corporate Services	20,828	20,828	4,990	2,885	11,522	(2,105)	(42%)
<b>Total</b>	<b>320,111</b>	<b>320,111</b>	<b>57,182</b>	<b>43,300</b>	<b>75,093</b>	<b>(13,882)</b>	<b>(24%)</b>

\* Negative variance denotes an underspend in capital budget

**Figure 1 – Capital Expenditure by Directorate**





**Figure 2 – Capital Expenditure by Funding Source**

### Stakeholder Engagement

The annual budget is formulated in response to community engagement regarding desired service provision and forms part of the Resourcing Strategy to support the implementation of the Operational Plan. Monthly financial reports do not require further consultation.

### Financial Considerations

#### Financial Year (FY) Implications

This proposal has cost and revenue financial implications for the current FY and outer years in the LTFP.

#### Budget and Long-Term Financial Plan (LTFP) Impact

This proposal has cost and revenue financial implications for the current FY and outer years in the LTFP.

This report presents the financial position of Council as at 30 September 2025. Variations from budgeted amounts are detailed and an explanation provided. To date, there are no concerns regarding Council's financial performance for the remainder of the financial year.

**Link to Community Strategic Plan**

Our Leadership - The systems, processes and partnerships that ensure genuine community participation, financial stewardship and excellent service deliver to our community.

Goal - LE1: Good governance, strong partnerships, and a transparent Council.

Strategy - LE 1.1: Ensure Council is financially sustainable and provides transparent and accountable reporting and audit process.

Strategy - LE 1.2: Adhere to regulatory and compliance activities for community benefit and to drive a well-functioning organisation.

**Risk Management**

Council's financial management framework includes the monthly review and reporting of significant variances to budget. This ensures that any issues are identified and rectified in a timely manner, with any necessary adjustments being captured in the appropriate Quarterly Budget Review.

This process mitigates the risk of Council's financial performance deviating from the adopted budget and ultimately altering the trajectory of Council's Long Term Financial Plan.

**Critical Dates or Timeframes**

Council receives monthly financial reports to ensure that Council is kept up to date with Council's financial performance.

**Attachments**

Nil