

COR.6	QUARTERLY FINANCIAL REPORT - SEPTEMBER 2025
Officer:	Travis Harling, Manager Finance and Reporting
Council Plan relationship:	4. Delivering strong and reliable government
Attachments:	Nil

Summary

The purpose of this report is to provide Council and the community with a report on the financial position of the Macedon Ranges Shire Council to 30 September 2025 for the 2025/26 financial year (Quarter 1), in accordance with the requirements of the *Local Government Act 2020*.

Recommendation

That Council receives the Quarterly Financial report as at 30 September 2025, in accordance with the requirements of the Local Government Act 2020.

Background

This report on Council's financial performance against budget has been prepared in accordance with Section 97 of the *Local Government Act 2020*, which states "as soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public."

Discussion

The Finance and Capital Management Report to 30 September 2025 provides an update on financial performance against the 2025/26 budget.

The Income Statement reports an operating surplus of \$57.2M for the three months to 30 September 2025 compared to the budget of \$53.7M.

In accordance with accounting standards, all rates income is recognised at the start of the financial year when the rates are struck. This results in Council reporting a large surplus at the start of the year which reduces as the year progresses, as expenditure is incurred evenly throughout the year.

Council's Income Statement as at 30 September 2025 is provided below with analysis of the material variances. The adopted budget does not include amounts carried-forward from the prior year (e.g. as for multi-year or delayed capital projects).

Income Statement - Year-to-Date (YTD) Key Actual vs Budget Variances

INCOME STATEMENT

For the 3 month period ended 30th September 2025

	2025/26 Sep YTD Budget \$'000	2025/26 Sep YTD Actuals \$'000	2025/26 Sep YTD Variance \$'000
Income			
Rates and charges	66,568	66,509	(59)
Statutory fees and fines	713	792	79
User fees	2,234	1,929	(305)
Grants - operating	4,443	5,030	587
Grants - capital	8,583	9,844	1,261
Contributions - monetary	1,126	551	(575)
Other income	814	1,151	337
Total income	84,481	85,806	1,325
Expenses			
Employee costs	13,322	11,741	1,581
Materials and services	11,336	11,015	321
Depreciation and amortisation	4,621	4,423	198
Borrowing costs	232	216	16
Other expenses	1,303	1,378	(75)
Total expenses	30,814	28,773	2,041
Surplus/(deficit) excluding other adjustments	53,667	57,033	3,366
Other adjustments			
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	75	178	103
Total surplus/(deficit)	53,742	57,211	3,469

The Income Statement includes all sources of Council revenue and expenditure incurred in its day-to-day operations. It should be noted that expenditure listed in the Income Statement does not include the cost of asset purchases or sales, loan repayments, capital works expenditure or reserve funds. It does, however, include depreciation as an expense.

Overall the operating surplus of \$57.2M is \$3.4M favourable to budget. The financial summary provides an explanation of key variances to budget.

Operational Revenue

Key variances in operational revenue for the period are outlined below.

User Fees: The \$305K unfavourable income in user fees is mostly due to the decrease in fees received at Council's three Resource Recovery Centres. This decrease is partly offset by an increase in application fees in Strategic Planning and user fees in the truck wash and the aquatics and fitness area.

Grants Operating: Operating grants are \$587k favourable to budget, primarily due to an increase in Early Years funding due to higher level of enrolments than budget.

Grants Capital: Capital grants are \$1.2M favourable to budget, primarily due to delays in the delivery of several capital works projects.

Contributions Monetary: Actual income is \$551K, being \$575k unfavourable to budget. The timing of receiving this type of income can vary and the variance is related to this timing.

Other Income: Actual income is \$1.1M is \$337k favourable, due to higher levels of investment interest received and several insurance claims that have also been received , and were not included in the budget.

Operational Expenditure

Key variances in operational expenditure for the period are outlined below.

Employee Costs: There is a \$1.5M favourable result to budget, this is a timing difference relating to a year-end accounting entry which will be adjusted in the October accounts.

Materials and services: Year to date expenditure is reported at \$11.0M, this is \$321K favourable to budget. This variance is primarily due to lower costs resulting from reduced throughput at Council's Resource Recovery Centres and the timing of project expenditures across multiple departments.

Capital Works

Year-to-Date Capital Works Statement reports \$5.1M of works delivered at 30 September 2025 where the adopted budget including carry forwards for the 3-month period is \$9.6M.

Infrastructure expenditure of \$4.0M is lower than budget of \$7.89M due to delays in construction in Roads and Recreational, leisure and community facilities projects. The following projects contribute a significant amount to this variance:

Roads:

- Noonan Grove – pending Special Charges Scheme approval
- Chanters Lane – planning approvals are progressing
- Stawell Street – project has commenced
- Malmsbury East Road – project has commenced
- Simon Hills Road – project has commenced

Large Trail Projects:

- Macedon Shared Trail - project continues to progress with several constraints on approvals for remaining stages.

Recreational, Leisure and Community Facilities:

- Kyneton Showgrounds Netball Development – project has commenced
- Stage 2 - Macedon Ranges Sport Precinct – project has commenced

CAPITAL WORKS STATEMENT

As at 30th September 2025

	2025/26 Adopted Budget \$'000	2025/26 Adopted Budget & C/FWD \$'000	2025/26 YTD Budget \$'000	2025/26 YTD Actuals \$'000	2025/26 YTD Variance \$'000
Property					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	3,903	7,331	1,014	492	523
Total property	3,903	7,331	1,014	492	523
Plant and equipment					
Plant, machinery and equipment	1,535	2,270	567	569	(2)
Computers and telecommunications	485	496	122	47	75
Total plant and equipment	2,020	2,765	689	617	72
Infrastructure					
Roads	8,741	17,110	4,731	2,409	2,323
Bridges	500	1,364	275	79	196
Footpaths and Cycleways	1,633	12,168	418	249	168
Drainage	611	1,364	257	98	160
Recreational, leisure and community facilities	10,533	18,898	2,009	1,102	907
Parks, open space and streetscapes	80	143	83	14	68
Other infrastructure	463	1,254	116	74	42
Total infrastructure	22,561	52,301	7,888	4,025	3,863
Total capital works expenditure	28,484	62,397	9,592	5,134	4,458

Investments

Investments held at 30 September total \$32.68M. Investments are earning adequate interest, with 54% of the portfolio being in line with the requirement of the Investment policy to maintain at least 20% with institutions that do not lend to organisations linked with fossil fuels. Interest rates are expected to remain steady for the remainder of the financial year.

Storm Reports

One claim remains in progress as at 30 September 2025 related to 7 October 2022 flooding. The total amount of pending claim is \$344,474. The claim is expected to be finalised in 2025/26 financial year.

Loans

Loan repayments have been made in line with the adopted budget. New loans included in the budget are planned to be drawn down later in the financial year.

Consultation and engagement

Officers across Council have contributed to the preparation of the report.

Collaboration

Collaboration with other councils, governments and/or statutory bodies was not required.

Innovation and continuous improvement

The Quarterly Financial Report forms part of a legislative requirement, which assists Council to deliver on its priority of strong and reliable government, whilst achieving its vision by following good governance processes and providing transparency to the community. The Quarterly Financial Report is reviewed by the Executive and incorporates feedback from various levels of management to enhance readability and allow for continuous improvement.

Relevant law

This report has been prepared in accordance with Section 97 of the *Local Government Act 2020* (Vic) and is compliant with the requirements. The financial statements have been prepared in accordance with Australian Accounting Standards.

There are no human rights implications resulting from the completion of the Quarterly Report. In accordance with the *Gender Equality Act 2020*, a Gender Impact Assessment was not required in relation to the subject matter of this report.

Relevant regional, state and national plans and policies

There are no regional, state or national plans or policies to be considered in relation to the subject matter of this report.

Relevant Council plans and policies

Macedon Ranges Shire Council Financial Plan 2021-2031, (*former plan, superseded by...*)

Macedon Ranges Shire Council Financial Plan 2025-2035

Macedon Ranges Council Budget 2025/26

Macedon Ranges Investment Policy

Financial viability

The Quarterly Financial Report provides information on Council's operating and financial performance for the quarter ending 30 September 2025. The financial statements within the report indicate that Council remains in a sound financial position.

Sustainability implications

In terms of financial sustainability, the financial statements within the report indicate that Council remains in a sound financial position.

Officer declaration of conflicts of interest

All officers involved in the preparation of this report have declared that they do not have a conflict of interest in relation to the subject matter.