

COR.3	QUARTERLY FINANCIAL REPORT - APRIL - JUNE 2025 AND CARRY FORWARDS 30 JUNE 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 June 2025 for the 2024/2025 financial year (Quarter 4), in accordance with the requirements of the *Local Government Act 2020*.

Recommendation

That Council:

- 1. Receives the Quarterly Financial report as at 30 June 2025, in accordance with the requirements of the Local Government Act 2020; and**
- 2. Adopts the Carry Forward projects from the 2024/2025 to the 2025/2026 financial years.**

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 June 2025 provides an update on financial performance against the 2024/2025 budget.

The Income Statement reports an operating surplus of \$18.91M for the twelve months to 30 June 2025 compared to the budget of \$34.12M. 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.

The operating surplus is influenced by how grants are accounted for when Council delivers projects and programs. Grants can only be recognised as revenue in proportion to the expenditure incurred during project delivery. As several projects have experienced delays, the amount of grant revenue recognised is lower than budgeted. However, the grants have already been received; the unspent portion is recorded as a liability on the balance sheet until the related expenditure occurs.

Council's Income Statement as at 30 June 2025 is provided below with analysis of the material variances.

INCOME STATEMENT

For the 12 month period ended 30 June 2025

	2024/25 June YTD Adj. Budget* \$'000	2024/25 June YTD Actuals \$'000	2024/25 June YTD Variance \$'000
Income			
Rates and charges	64,417	64,279	(138)
Statutory fees and fines	3,438	3,723	285
User fees	8,431	7,504	(927)
Grants - operating	20,079	26,075	5,996
Grants - capital	27,736	7,812	(19,924)
Contributions - monetary	3,822	2,483	(1,339)
Other income	4,203	5,180	977
Total income	132,126	117,056	(15,070)
Expenses			
Employee costs	46,136	46,415	(279)
Materials and services	38,554	35,642	2,912
Depreciation and amortisation	17,612	17,713	(101)
Borrowing costs	838	787	51
Other expenses	3,417	3,400	17
Total expenses	106,557	103,957	2,600
Surplus/(deficit) excluding other adjustments	25,569	13,099	(12,470)
Other adjustments			
Contributions - non monetary	8,250	7,799	(451)
Fair value adjustments for investment property	-	395	395
Share of net profits/(losses) of Regional Library	-	95	95
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	300	(2,472)	(2,772)
Total surplus/(deficit)	34,119	18,916	(15,203)

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 \$18.92m is \$15.2m unfavourable to budget. The financial summary provides an explanation of key variances to budget.

* This column represents the adjusted budget which is the 2024/25 adopted budget adjusted for the 2023/24 carry forward budgets and any Council approved budget changes during 2024/25, including the mid year budget review.

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

User Fees: The \$927K 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 user fees in the aquatics and fitness area.

Grants Operating: Operating grants are \$5.9M favourable to budget, primarily due to Council receiving 50 per cent of its 2025/26 Federal Assistance Grant paid early in June 2025.

Grants Capital: Capital grants are \$19.9M unfavourable to budget, primarily due to delays in the delivery of several capital works projects. As outlined earlier, although this results in an unfavourable variance in the financial report, Council has already received the grant funding for these projects. The variance arises from the requirement to recognise grant revenue in line with actual project delivery and associated expenditure.

Contributions Monetary: Actual income is \$2.5M, this is \$1.3M unfavourable, the timing of receiving this type of income can vary and the variance is related to timing.

Other Income: Actual income is \$5.1M, this is \$977k favourable, due to higher levels of investment interest received and several insurance claims have also been received they were not included in the budget.

Operational Expenditure

Materials and services: Actual expenditure to 30 June 2025 is reported at \$35.6M, this is \$2.9M 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 that will be required to be carry forward to finalise projects in the new financial year.

Capital Works

YTD Capital Works Statement reports \$21.86M of works delivered at 30 June 2025 where the adjusted budget (including carry forwards) for the 12-month period is \$56.8M.

Infrastructure expenditure of \$17.2M is lower than budget of \$47.7M due to delays in construction. The following projects contribute a significant amount to this variance:

Roads:

- Mt Gisborne Road – expected to commence in April
- Burke & Wills Track – has been delayed and funds carry forward
- Fersfield Road – grant funded project
- Old Lancefield Road – Project has been delayed
- Chanters Lane – Carry forward due to delays in works
- Hamilton / Aitken St Gisborne Roundabout – grant funded project

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 30 June 2025

	2024/25 Adopted Budget	2024/25 Adjusted Budget	2024/25 Actuals	2024/25 Variance
	\$'000	\$'000	\$'000	\$'000
Property				
Land and land improvements	0	-	4	4
Buildings and building improvements	2,350	6,297	2,766	3,531
Total property	2,350	6,297	2,770	3,527
Plant and equipment				
Plant, machinery and equipment	1,795	2,426	1,649	778
Computers and telecommunications	340	351	213	137
Total plant and equipment	2,135	2,777	1,862	915
Infrastructure				
Roads	12,506	18,863	10,038	8,824
Bridges	257	1,201	331	870
Footpaths and Cycleways	1,695	10,304	1,649	8,655
Large Trail Projects	0	2,127	241	1,886
Drainage	806	1,090	373	717
Recreational, leisure and community facilities	6,045	12,158	3,694	8,465
Macedon Ranges Sports Precinct stage 2	0	465	228	237
Parks, open space and streetscapes	80	248	200	48
Other infrastructure	795	1,276	480	796
Total infrastructure	22,184	47,732	17,234	30,498
Total capital works expenditure	26,669	56,805	21,865	34,940

Investments

Investments held at 30 June total \$34.68M. Investments are earning adequate interest, with 50% of investments held with institutions that do not lend to organisations linked with fossil fuel, compliant with the Investment policy requirement for at least 20%. Interest rates are expected to remain steady for the remainder of the financial year.

Storm Reports

Two storm events have outstanding claims at 30 June 2025. The total amount of pending claims is \$56,523. These claims will be finalised early in the 2025/26 financial year.

Loans

The budgeted loans were successfully drawn down in June 2025, totalling \$2.5 million. These funds are allocated to projects that have approved loan funding attached.

Carry Forwards

As a general principle, budgeted money should be spent within the financial year and funding should not be requested if the budget cannot be spent within the financial year. However, there are cases where large projects are completed over multiple years, grants are received later in the year, and/or there are unavoidable delays in completing projects.

CARRY FORWARDS

As at 30 June 2025

Budget carry forwards from 2024/2025 to 2025/2026

CAPITAL		Remaining Budget		Net Carry
No.	Projects In progress at the end of the year :	Income	Expense	Forward
1	Bolinda Hall Renewal	\$0	\$203,976	\$203,976
2	Bridge - Lauriston Bridge	\$0	\$220,557	\$220,557
3	Woodend Tennis Club courts	\$305	\$221,217	\$221,522
4	Kerrie School and Hall	\$0	\$245,313	\$245,313
5	Building Security upgarde	\$0	\$250,000	\$250,000
6	Kyneton Shire Office Pyramid Upgrade	\$0	\$310,293	\$310,293
7	Kyneton Windmill Bridge	\$0	\$402,184	\$402,184
8	Macedon Ranges Sports Precinct - Stage 2	(\$3,817,415)	\$4,317,415	\$500,000
9	Roads - Stawell Street, Romsey 2025	(\$46,488)	\$550,630	\$504,143
10	Gisborne Mechanics Hall/Windarring	\$0	\$522,675	\$522,675
11	Burke and Wills Track	\$0	\$539,364	\$539,364
12	Roads - Chanters Lane	(\$688,506)	\$1,327,084	\$638,578
13	Plant Replacement 2025	\$47,170	\$734,555	\$781,725
14	Kyneton landfill biofilter	\$0	\$791,029	\$791,029
15	Kyneton Showgrounds netball development	(\$1,185,605)	\$2,444,605	\$1,259,000
16	Macedon shared trail	(\$5,884,674)	\$8,789,220	\$2,904,546
17	Roads - Fersfield Road Reconstruction	(\$1,233,683)	\$570,998	(\$662,684)
18	Macedon Ranges Sports Precinct - Stage 1	(\$800,000)	\$360,312	(\$439,687)
19	PSI - Station St/Sutherland St	(\$256,710)	\$12,855	(\$243,855)
20	Net of other minor projects < \$200k	(\$10,411,873)	\$11,637,397	\$1,225,523
OPERATING				
21	Various projects	(\$71,720)	\$ 2,577,299	\$2,505,579
- Negative Income, means grants to be received in 25/26				
+ Positive income means grant received in prior year and budgeted in 25/26				
Net budget carry forwards		-\$24,349,199	\$37,028,979	\$12,679,781

Budget carry forwards represent unspent expenditure or unbudgeted income that needs to be made available to fund the completion of in-progress projects during the following financial year. Often, these in progress projects are intended to be undertaken over two or more years and are identified as in progress projects which require budget carry forwards in the Budget Reports adopted by Council in June each year. Budget Carry forwards are used to manage internal budgeting and project management, they do not form part of the Financial Statements.

According to Council’s Budget Management Policy, carry forward requests will only be considered for carry forwards where one of the following criteria has been met:

- The project/program has external funding in the form of government grants and/or other contributions that need to be acquitted.

- The project/program is associated with a Council Plan Action (that is incomplete).
- There is a written agreement or contract in place for the delivery of services/goods.

As a general principal only amounts of more than \$5,000 are considered for carry forward to the next year. Smaller amounts must be funded from existing budgets in the following year.

The policy states that Managers must aim to complete minor carry forward budgeted items by the end of October within the following financial year, and that they will not be carried forward more than once unless they are major projects/grants or there are delays caused by external parties.

The table above, of identified operating carry forwards, has been included with this report for transparency. Total carry forward expenditure for both operating and capital expenditure projects totals \$37.03M, offset by \$24.35M of income.

At the time of preparing this report the annual financial audit by the Victorian Auditor General's Office (VAGO) was still in progress and the final figures included in the financial statements that form part of the annual report may vary to the figures included in this report. The budget figures included in this report also include carry forward amounts from 2023/24, which are different to the adopted budget.

Consultation and engagement

Officers from across Council have contributed to the preparation of the Quarterly Financial 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

Macedon Ranges Council Budget 2024/25

Financial viability

The Quarterly Financial Report provides information on Council's operating and financial performance for the quarter ending 30 June 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.