13 CORPORATE REPORTS

COR.1	**QUARTERLY FINANCIAL REPORT - JANUARY TO MARCH 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 31 March 2025 for the 2024/2025 financial year (Quarter 3), in accordance with the requirements of the *Local Government Act 2020.*

Recommendation

That Council:

1. **Receives the Quarterly Financial report as at 31 March 2025, in accordance with the requirements of the Local Government Act 2020; and**
2. **Adopts the Reserve Transfer from the Drainage Reserve of $131,450.**

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 31 March 2025 provides an update on financial performance against the 2024/2025 budget, including the mid-year budget review.

The Income Statement reports an operating surplus of $41.63m for the nine months to 31 March 2025 compared to the budget of $39.63m. 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 31 March 2025is provided below with analysis of year-to-date material variances.

INCOME STATEMENT
9 months ended 31 March 2025

	2024/25 Mar YTD Adj. Budget* $'000	2024/25 Mar YTD Actuals $'000	2024/25 Mar YTD Variance $'000
Income			
Rates and charges	64,296	64,083	(213)
Statutory fees and fines	2,364	2,510	146
User fees	6,355	5,654	(701)
Grants - operating	18,566	19,215	649
Grants - capital	16,786	14,697	(2,089)
Contributions - monetary	2,250	2,329	79
Other income	3,216	3,928	712
Total income	**113,833**	**112,416**	**(1,417)**
Expenses			
Employee costs	34,944	34,708	236
Materials and services	29,185	26,160	3,025
Depreciation and amortisation	13,209	13,326	(117)
Borrowing costs	628	600	28
Other expenses	2,650	2,555	95
Total expenses	**80,616**	**77,349**	**3,267**
Surplus/(deficit) excluding other adjustments	**33,217**	**35,067**	**1,850**
Other adjustments			
Contributions - non monetary	6,188	6,773	585
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	225	(211)	(436)
Total surplus/(deficit)	**39,630**	**41,629**	**1,999**

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 $41.63m is $1.99m favourable 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 Variances

Operational Revenue

User Fees: The $710k 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.

Other Income: Actual income is $3.9m, this is $712k favourable, due to higher levels of investment interest $500k received and several insurance claims have been received $200k.

Grants Capital: Capital grants are currently $2.09 million unfavourable to budget. This variance is primarily due to the timing of delivery for several capital works projects. As these projects have experienced delays and are now scheduled for later in the financial year, Council has been unable to raise invoices and claim the associated grant funding. The variance is expected to reduce as project milestones are achieved and grant claims can be submitted.

Operational Expenditure

Materials and services: Actual expenditure for the six months to 31 March 2025 is reported at $26.1 million, coming in $3.0 million under 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

YTD Capital Works Statement reports $11.86m of works delivered to 31 March 2025 where the total budget including carry forwards for the 12-month period is $55.5m.

Infrastructure expenditure of $9.57m is lower than budget of $28.56 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 – project is in tender and procurement stage
- Fersfield Road – federally funded project
- Kyneton to Springhill Road – construction 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 – contract awarded
- Gilbert Gordon Netball Court – expected to be completed in May 2025
- Riddells Creek Recreation Reserve Oval lighting upgrade - Construction works are reaching completion

Plant and Equipment is also lower than budget. The renewal of plant and equipment will continue throughout the remaining three months of the financial year.

CAPITAL WORKS STATEMENT
As at 31 March 2025

	2024/25 Annual Budget $'000	2024/25 February Budget $'000	2024/25 February Actuals $'000	*2024/25 February Variance $'000*
Property				
Land and land improvements	0	-	**4**	*- 4*
Buildings and building improvements	5,508	4,028	**1,552**	*2,476*
Total property	**5,508**	**4,028**	**1,556**	*2,472*
Plant and equipment				
Plant, machinery and equipment	2,537	1,874	**504**	*1,370*
Computers and telecommunications	365	294	**232**	*62*
Total plant and equipment	**2,902**	**2,168**	**737**	*1,431*
Infrastructure				
Roads	17,379	14,769	**5,760**	*9,008*
Bridges	1,082	923	**272**	*650*
Footpaths and Cycleways	1,401	1,871	**925**	*946*
Large Trail Projects	10,798	2,127	**241**	*1,886*
Drainage	1,010	842	**119**	*723*
Recreational, leisure and community facilities	8,698	6,616	**1,524**	*5,092*
Macedon Ranges Sports Precinct stage 2	4,861	465	**228**	*237*
Parks, open space and streetscapes	240	212	**178**	*34*
Other infrastructure	1,656	733	**323**	*410*
Total infrastructure	**47,124**	**28,556**	**9,570**	*18,986*
Total capital works expenditure	**55,535**	**34,751**	**11,863**	*22,889*

Investments

Investments held at 31 March total $40.1M. Investments are earning adequate interest, with 65% 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

Three storm events have outstanding claims at 31 March 2025. The total amount of pending claims is $223,892. These claims will be finalised in the remaining three months of the 2024/25 financial year.

Loans

The budgeted loans have not yet been drawn down. Projects associated with these loan borrowings will continue to be monitored to assess whether they will be sufficiently advanced by 30 June to require the loan to fund Council's share of the project. If necessary, the drawdown of the loan may be carried forward to 2025/26, in line with the carry forward of project costs.

Reserves

Council acknowledges the completion of the bridge study works for Kyneton on Riverside, with the cost of $131,450 being formally accepted and reimbursed to the developer in accordance with the Section 173 Agreement between Council and the developer. Funding for the study has already been received by Council in the form of developer contributions and is currently held in the drainage reserve, allocated specifically to support this component of the development.

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 31 March 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.