

COR.2	QUARTERLY FINANCIAL REPORT FOR PERIOD ENDING 30 SEPTEMBER 2024
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 2024 for the 2024/2025 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 2024, 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 two financial reports included in this document—the Income Statement and the Capital Works Statement as of 30 September 2024—offer a comprehensive update on the financial performance of the Council in relation to the 2024/2025 budget.

The Income Statement provides details on the Council's revenue and expenditure, giving insight into operating performance, including any variances between actual results and budget projections. This helps assess whether revenue and expenditure are tracking as anticipated, identifying any financial adjustments that may be needed for the remainder of the financial year.

The Income Statement reports an operating surplus of \$61.99M for the three months ending 30 September 2024, exceeding the budgeted surplus of \$58.66M. In line with accounting standards, all rates income is recognised at the start of the financial year when rates are levied. This method records the income upfront and simultaneously creates a receivable in the balance sheet. As rate payments are received throughout the year, the receivable balance will gradually decrease.

This initial results in Council reporting early in the financial year decrease as the year progresses, as expenditure is incurred throughout the year to deliver services and programs of works.

Council's Income Statement at 30 September 2024 is provided below, with analysis of year-to-date material variances.

INCOME STATEMENT

3 months ended 30 September 2024

	2024/25 Sept YTD Adj. Budget* \$'000	2024/25 Sept YTD Actuals \$'000	2024/25 Sept YTD Variance \$'000
Income			
Rates and charges	63,272	63,345	73
Statutory fees and fines	758	726	(32)
User fees	2,184	1,879	(305)
Grants - operating	12,359	13,016	657
Grants - capital	7,414	8,528	1,114
Contributions - monetary	532	647	115
Other income	712	1,451	739
Total income	87,231	89,592	2,361
Expenses			
Employee costs	12,607	12,576	31
Materials and services	10,167	9,253	914
Depreciation and amortisation	4,403	4,201	202
Borrowing costs	209	199	10
Other expenses	1,262	1,335	(73)
Total expenses	28,648	27,564	1,084
Surplus/(deficit) excluding other adjustments	58,583	62,028	3,445
Other adjustments			
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	75	(30)	(105)
Total surplus/(deficit)	58,658	61,998	3,340

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 \$61.998m is \$3.34m 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.

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

Operational Revenue

Grants operating: Grants have been received earlier than budgeted, the two grants of note relate to Emergencies \$195K and Waste Services \$345K. Both grants will be utilised during the remainder of the year against allocated budget.

Grants capital: The \$1.11M favourable variance to budget is due to the accounting treatment of several capital grants at 30 June. Several grants were required to be accrued and have

been recognised as income in the first quarter of the 2024/25 financial year, creating a favourable variance.

Other income: Actual income is \$1.45M, this is \$739K favourable, contributing to the favourable variance is income relating to interest on investments being favourable to budget by \$184K and several other amounts relating to reimbursements that were received.

Operational Expenditure

Materials and services: Actual expenditure of \$9.2M is \$914K above budget phasing for the three months ending 30 September 2024. This variance is due to timing, as programs and projects are initiated in the new financial year. It is anticipated that actuals will align with the budget as program delivery progresses.

The Capital Works Statement provides stakeholders, including community members, a clear view of the progress, costs, and budget alignment of various infrastructure programs. It helps track the efficient use of resources, highlights any variances between planned and actual expenditures.

Council’s Capital Works Statement at 30 September 2024 is provided below, with analysis of year-to-date material variances.

CAPITAL WORKS STATEMENT
As at 30 September 2024

	2024/25 Annual Budget \$'000	2024/25 September Budget \$'000	2024/25 September Actuals \$'000	2024/25 September Variance \$'000
Property				
Land and land improvements	0	-	4	4
Buildings and building improvements	5,593	1,009	421	588
Total property	5,593	1,009	425	584
Plant and equipment				
Plant, machinery and equipment	2,482	244	45	198
Computers and telecommunications	351	82	90	(8)
Total plant and equipment	2,833	326	136	190
Infrastructure				
Roads	16,581	1,016	857	159
Bridges	1,060	277	25	252
Footpaths and Cycleways	12,163	2,823	69	2,754
Drainage	1,055	315	34	281
Recreational, leisure and community facilities	11,247	1,554	383	1,171
Parks, open space and streetscapes	224	154	39	115
Other infrastructure	1,656	199	102	97
Total infrastructure	43,987	6,338	1,509	4,829
Total capital works expenditure	52,413	7,673	2,069	5,603

Capital Works Statement - Year-to-Date (YTD) Key Actual vs Budget VariancesCapital Works

The YTD Capital Works Statement reports \$2.07M of works delivered to 30 September 2024 where the total budget including carry forwards for the 12-month period is \$52.41M. Infrastructure expenditure of \$2.07M is lower than budget of \$7.67M, due in part to delayed construction for a variety of reasons of some projects. The difference in works delivered compared with budget is also attributable in part to expenditure phasing requiring revision for some projects. The Macedon Ranges Shared Trail Project (Footpaths and Cycleways) and Macedon Ranges Regional Sports Precinct Stage 2 (Recreational, leisure and community facilities) are the two significant projects contributing to this variance.

Other – Year-to-Date (YTD) Key Actual vs Budget Financial VariancesInvestments

Investments held at 30 September 2024 total \$33.08M. Investments are earning adequate interest, with 63% 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

Council currently has outstanding claims totalling \$593,280. These claims are related to weather events that affected the shire in October 2022, December 2023 through January 2024, and February 2024.

Loans

Budgeted loans have not yet been drawn down. The timing of project delivery resulting in adequate cash holdings will allow the budgeted loan to be drawn down later in the year.

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.

This includes streamlining the content of the report and providing updates on performance against the Council Plan at half-yearly intervals, consistent with the Local Government Act 2020 and transparency principles.

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 2021-31

Macedon Ranges Council Budget 2024-25

Macedon Ranges Investment Policy

Climate Impact Assessment

The detail underpinning the Monthly financial reports and capital works program reporting provide opportunity for Council to assess and reduce energy usage and greenhouse gas emissions by understanding the financial impact of energy-efficient practices and sustainable technologies. These measures will also help to mitigate climate change risks to Council operations and services by investing in climate-resilient infrastructure and adaptive strategies, ensuring continuity and reliability.

Officers continue to ensure sustainable investments in line with Council's Investment Policy with institutions that do not lend to organisations linked with fossil fuel, in line with our climate commitments.

Financial viability

The Quarterly Report provides information on Council's operating and financial performance for the quarter ending 30 September 2024. The financial statements within the report indicate that Council remains in a sound financial position.

Sustainability implications

As per Council's Investment Policy, 63% of investments are currently held with institutions that do not lend to organisations linked with fossil fuel, compliant with the Investment policy.

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.