



FINANCIAL REPORT

FOR 6 MONTHS ENDED 31 DECEMBER 2025

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1. Overview

The quarterly report illustrates the interim financial performance and position of Maroondah City Council compared to its adjusted budget for the six months ended 31 December 2025. This report includes the following:

- Income Statement;
- Statement of Capital Works;
- Balance Sheet;
- Financial and capital analysis;
- Cash and investments; and
- Rates outstanding analysis.

This report represents the first six months of operations for the 2025-2026 financial year. Council's overall result is currently forecast to be a surplus of \$11.78M compared to the quarter one forecast result of \$19.33M, an unfavourable variance of \$7.55M.

After adjusting for capital grants and capital monetary contributions the revised underlying result for 2025/26 is forecast to be surplus of \$882K compared to the quarter one forecast result of \$8.66M, an unfavourable variance of \$7.78M.

The main key items within the income statement, impacting the result is the rephasing of targeted property sales across 25/26 and future years.

The Chief Executive Officer, as required under Section 97(3) of the Local Government Act 2020 is of the opinion a revised budget is not required.

2. Income Statement

The underlying result seen in the Income Statement is a net surplus of \$882K, adjusted for non-recurrent capital grants and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by non-recurrent capital income items, which can often mask the operating result.

For the six months ending 31 December 2025

	Notes	YTD Actual 25-26 \$'000	YTD Current Forecast 25-26 \$'000	YTD Current Forecast v Actuals \$'000	Adopted Budget 25-26 \$'000	Quarter 1 September Forecast	Quarter 2 December Forecast	Q1 (Sep) v Q2 (Dec) Forecast variance
Income/ Revenue								
Rates and charges		115,983	115,960	22	116,159	116,158	116,264	72
Statutory fees and fines	1	3,185	3,221	(36)	5,846	6,008	5,860	(174)
User fees	2	17,940	17,849	91	35,464	35,075	34,382	(735)
Grants - Operating		2,852	2,937	(85)	8,131	9,119	9,221	82
Grants - Capital		3,585	3,358	227	7,234	9,738	9,773	35
Contributions - Monetary (Operating)	3	3,989	3,874	116	6,697	6,706	6,090	(493)
Contributions - Monetary (Capital)	4	723	577	146	223	930	1,123	193
Net gain on disposal of property, infrastructure, plant and equipment	5	387	300	86	7,875	7,640	(198)	(7,838)
Other Income	6	2,469	2,473	(4)	4,244	4,148	4,353	241
Total Income		151,113	150,549	563	191,872	195,522	186,868	(8,617)
Expenses								
Employee costs		37,521	37,691	170	72,006	72,193	72,190	3
Materials and services	7	34,770	35,587	817	70,235	71,707	70,699	1,008
Depreciation		14,184	14,182	(3)	28,125	28,373	28,345	28
Amortisation - Intangible Assets		213	213	-	425	425	425	-
Amortisation - Right of Use Assets		-	-	-	1,688	1,688	1,688	-
Borrowing costs		347	391	44	656	656	656	-
Finance Costs - Leases		-	-	-	413	413	413	-
Other Expense		671	791	120	713	737	711	26
Total expenses		87,706	88,855	1,148	174,262	176,192	175,127	1,065
Surplus/(Deficit)		63,407	61,694	1,711	17,610	19,330	11,778	(7,552)
Grants - Capital		3,585	3,358	227	7,234	9,738	9,773	35
Contributions - Monetary (Capital)		723	577	146	223	930	1,123	193
Underlying Surplus/(Deficit)		59,099	57,759	1,338	10,153	8,662	882	(7,780)

Analysis of the changes from September quarter forecast to the revised full financial year forecast is detailed in the notes below.

Note 1 - Statutory fees and fines

Statutory fees and fines are forecast to be \$5.86M for the year, which is a \$174K decrease compared to the quarter 1 forecast of \$6.01M. This is due to the following:

	Amount Fav/(unfav) \$'000
Reduction in anticipated statutory planning application fees	(160)
Other minor changes across Council	(14)
Total	(174)

Note 2 - User fees

User fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include registrations, use of leisure, entertainment and other facilities and the provision of community services. User fees are forecast to be \$34.38M for the year, which is a \$735K decrease compared to the quarter 1 forecast of \$35.08M. This is due to the following:

	Amount Fav/(unfav) \$'000
Reduction in aquatics expected user fee income	(324)
Reduction in merchant fee recoupment linked to project timeline change	(170)
Reduction in K-Café expected income	(133)
Reduction to Federation Estate expected facility hire and food sales income	(86)
Other minor changes across Council	(22)
Total	(735)

Note 3 - Contributions - Monetary (Operating)

Contributions - Monetary (Operating) is forecast to be \$6.09M for the year, which is a \$493K decrease compared to quarter 1 forecast of \$6.71M.

	Amount Fav/(unfav) \$'000
Reduction in Ringwood Activity Centre expected development contributions income	(880)
Increase in various project contributions, including solar saver program, footpath contributions, disaster ready funding, and school crossing funding	387
Total	(493)

Note 4 - Contributions - Monetary (Capital)

Contributions - Monetary (Capital) is forecast to be \$1.12M for the year, which is a \$193K increase compared to quarter 1 forecast of \$930K.

	Amount Fav/(unfav) \$'000
Level Crossing Removal Project - reinstatement works	166
Other minor changes across the capital works program	27
Total	193

Note 5 - Net gain on disposal of property, infrastructure, plant and equipment

Net loss on disposal is forecast to be \$198K for the year, which is a \$7.84M decrease compared to the quarter 1 forecast of \$7.64M. This is mainly due to the rephasing of targeted property sales across 25/26 and future years.

Note 6 - Other Income

Other Income is forecast to be \$4.35M for the year, which is a \$241K increase compared to quarter 1 forecast of \$4.15M.

	Amount Fav/(unfav) \$'000
Increase in expected container deposit scheme income	100
Increase in social inclusion rental income for Kerrabee facility	40
Increase in expected income related to Eastern Alliance for Greenhouse Action	37
Increase in expected interest on investments	25
Other minor changes across Council	39
Total	241

Note 7 - Materials and Services

Materials and Services are forecast to be \$70.70M for the year, which is a \$1.01K decrease compared to the quarter 1 forecast of \$71.71M. This is due to the following:

	Amount Fav/(unfav) \$'000
Reduction to waste costs linked to service volumes and contract rise and fall calculations	893
Reduction in insurance costs in line with policy premiums	182
Reduction in Maroondah News production costs	113
Increase in expected costs related to tree and playground maintenance	(180)
Total	1,008

3. Balance Sheet

As at 31 December 2025

	Notes	Adopted Budget 25-26 \$'000	YTD Actuals \$'000	Quarter 1 Year End Forecast 25-26 \$'000	Quarter 2 Year End Forecast 25-26 \$'000	Q1 v Q2 Forecast Fav/(Unfav) \$'000
Assets						
Current assets						
Cash Assets		34,060	3,424	35,529	30,062	(5,467)
Other financial assets		20,107	39,299	20,200	16,700	(3,500)
Trade and other receivables		14,327	101,341	14,327	14,327	-
Inventories		501	658	501	570	69
Non-current assets classified as "held for sale"		-	3,987	-	-	-
Other assets		978	163	978	978	-
Total current assets		69,973	148,872	71,535	62,637	(8,898)
Non-current assets						
Trade and other receivables		90	-	90	90	-
Investments in associates, joint arrangements and subsidiaries		2,105	2,254	2,105	2,105	-
Property, infrastructure, plant and equipment		2,251,779	2,949,261	2,969,424	2,985,371	15,947
Intangible Assets		1,051	820	395	395	-
Right of use assets		7,625	6,016	7,625	7,625	-
Total non-current assets		2,262,650	2,958,351	2,979,639	2,995,586	15,947
Total Assets	8	2,332,623	3,107,223	3,051,174	3,058,223	7,049
Liabilities						
Current liabilities						
Trade and other payables		11,612	5,227	11,612	11,612	-
Trust funds and deposits		5,856	20,935	5,856	5,856	-
Contract and other liabilities		-	4,062	-	-	-
Provisions		15,934	16,598	16,345	16,345	-
Interest bearing liabilities		3,094	3,094	3,094	3,094	-
Lease liabilities		1,696	606	1,696	1,696	-
Total current liabilities		38,192	50,522	38,603	38,603	-
Non-current liabilities						
Trust funds and deposits		6	-	6	6	-
Provisions		1,467	1,444	1,467	1,467	-
Interest bearing liabilities		19,575	11,146	19,575	19,575	-
Lease liabilities		6,585	5,684	6,585	6,585	-
Total non-current liabilities		27,633	18,274	27,633	27,633	-
Total Liabilities		65,825	68,796	66,236	66,236	-
NET ASSETS		2,266,798	3,038,427	2,984,938	2,994,538	7,049
Represented by:						
Accumulated Surplus	8	939,538	994,871	941,669	948,718	7,049
Reserves		1,327,260	2,043,556	2,043,269	2,043,269	-
Equity		2,266,798	3,038,427	2,984,938	2,994,538	7,049

Balance Sheet – Variance quarter 1 forecast compared to quarter 2 forecast

Note 8 - Total Assets and Accumulated Surplus

During this quarter, a \$7.049 million increase in net assets was recorded, which directly correlates to an equivalent rise in our accumulated surplus. This positive outcome is driven by:

- the rephasing of targeted property sales, now scheduled across the 2025/26 financial year and beyond. The timing adjustment means anticipated revenue from these property sales has not yet been realised, however reflecting these assets as a non-current asset (property, infrastructure, plant and equipment).
- an error within the quarter one balance sheet year-end forecast. The error related to the representation of property sales and cost of assets sold, and the omission of a transfer from reserves into accumulated surplus. This discrepancy has now been corrected, and the quarter two forecast accurately reflects the Maroondah’s financial position.

To ensure accurate reporting moving forward, a new process has been implemented to strengthen our internal controls and improve the accuracy of forecasting related to asset sales. This will provide greater transparency and confidence for our community.

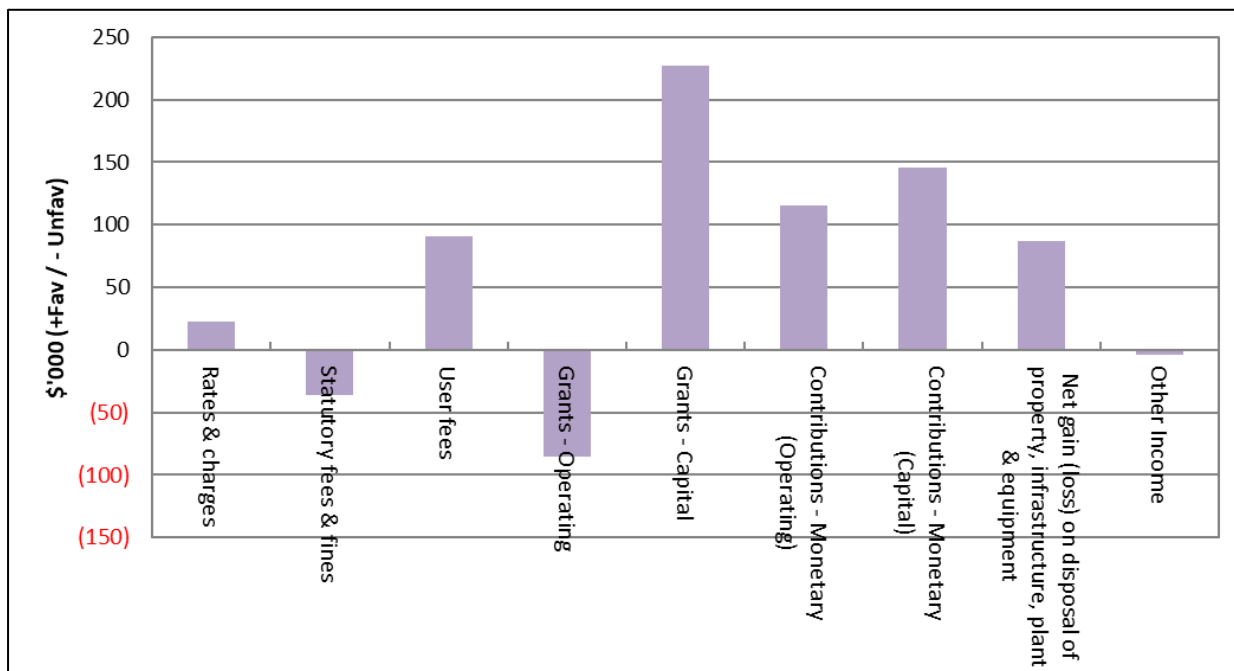
4. Statement of Capital Works

For the six months ending 31 December 2025

Classification	YTD Actual 25-26 \$'000	YTD Current Forecast 25-26 \$'000	YTD Current Forecast v Actuals \$'000	Q2 Forecast 25-26 \$'000	Amount Carried Forward \$'000	Adopted Budget 25-26 \$'000
Land	37	25	(12)	-	-	-
Buildings	10,268	11,857	1,589	36,796	8,898	22,326
Roads	2,022	3,047	1,025	10,716	1,284	8,747
Footpaths and Cycleways	2,062	2,098	36	5,014	400	4,487
Drainage	735	960	225	3,009	474	3,130
Off-Street Carparks	506	558	53	895	15	440
Waste Management	13	26	13	101	51	50
Recreational Leisure and Community Facilities	718	830	113	2,003	355	1,968
Parks, Open Space & Streetscapes	986	1,186	200	3,799	1,129	2,486
Fixtures, Fittings and Furniture	60	50	(10)	153	29	124
Plant, Machinery and Equipment	1,025	840	(185)	1,536	(406)	1,942
Computers and Telecommunications	128	241	113	952	626	326
Total capital works	18,561	21,719	3,158	64,973	12,855	46,025

5. Financial and Capital Analysis

Income – Variance YTD Current Forecast compared to YTD Actuals

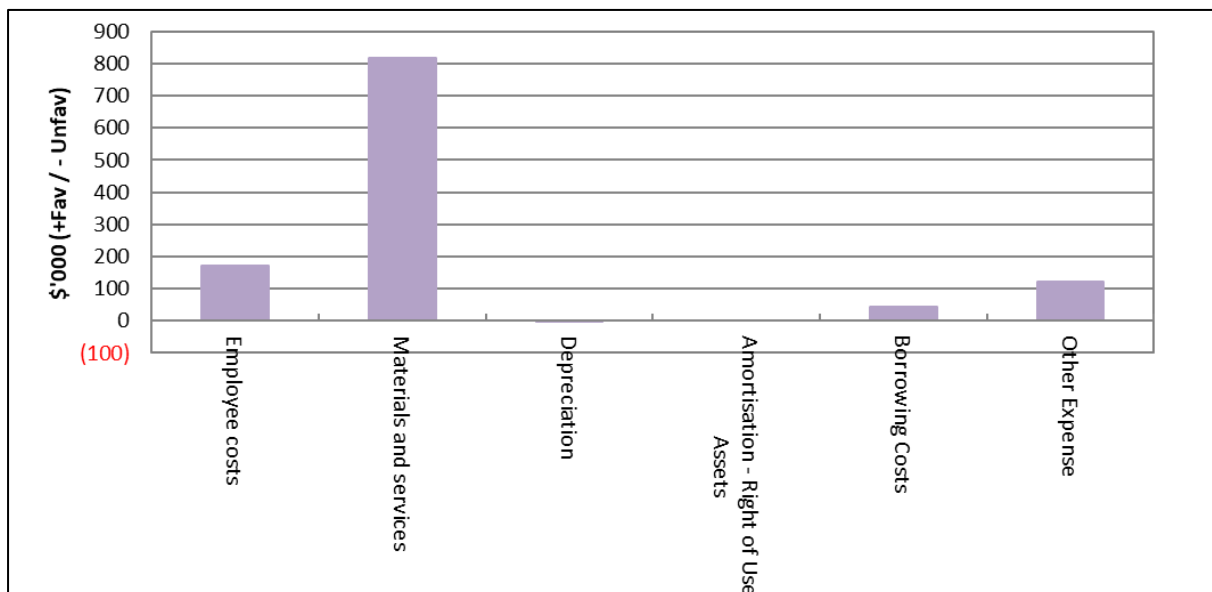


The graph illustrates how each income stream is performing year to date against current forecast, by variance. Key variances include:

Favourable Variances:

- Grants - Capital \$227K - Variance is mainly related to Croydon Community HUB A program that requires a phasing change.
- Contributions - Monetary (Operating) \$116K - Timing variance is related to Open Space Contributions.
- Contributions - Monetary (Capital) \$146K - Mainly related to Level Crossing Removal reinstatement project works that requires a phasing update.

Expenses – Variance YTD Current Forecast compared to YTD Actuals

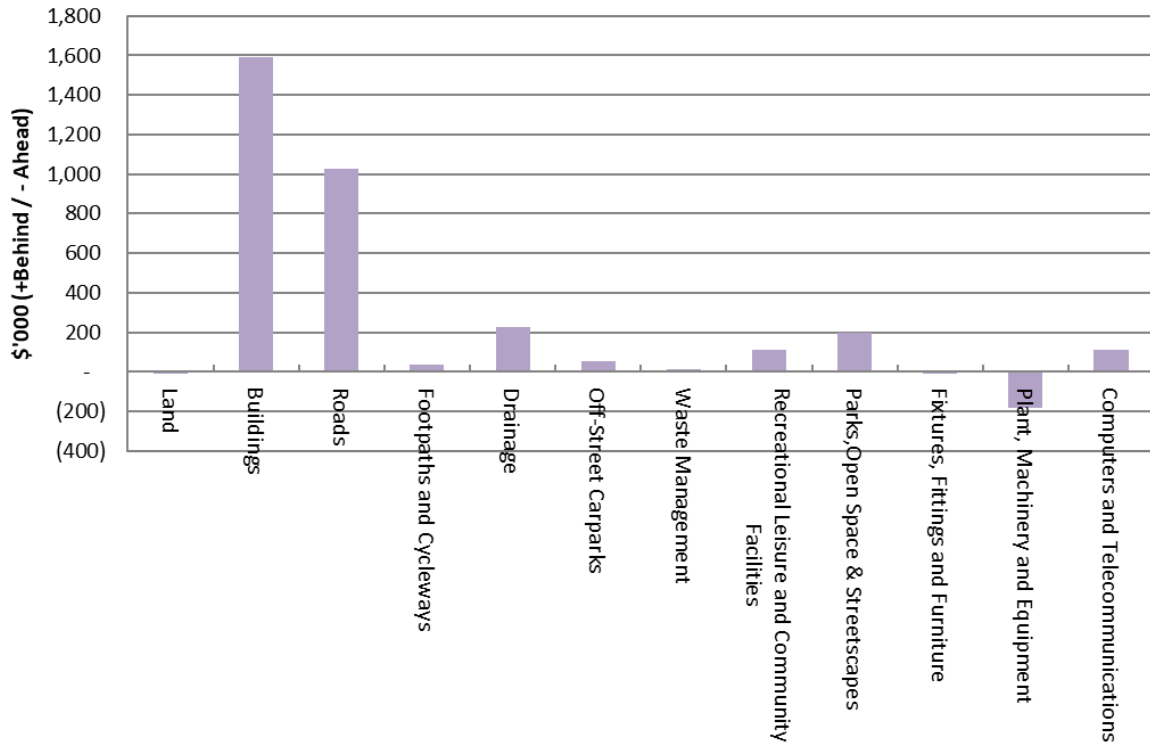


The table illustrates how each expense stream is tracking year to date against current forecast, by variance. Key variances include:

Favourable Variance:

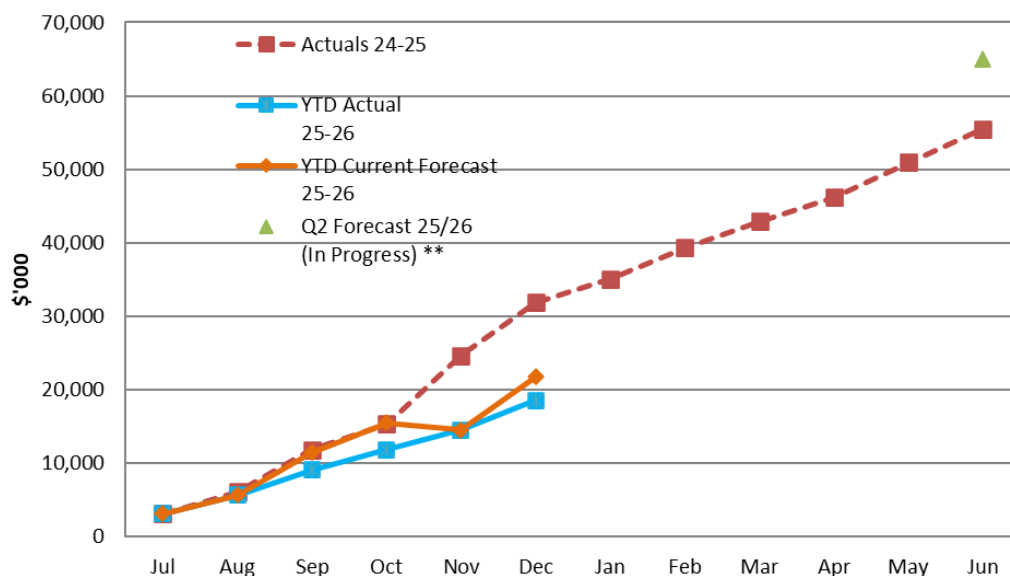
- Employee costs \$170K - This relates to timing variances across many areas of Council which require assessment and rephasing.
- Materials and Services \$817K - This relates to timing variances across various projects including library contribution, waste contracts, consultancy and hardware maintenance, which require phasing adjustments. Ensuring the timely and accurate update of expenditure phasing must remain a priority for service area managers. This practice is essential for delivering reliable financial forecasts and enables more effective management of the Council’s cash flow.
- Other Expense \$120K - Timing variance is related to Operating Computer Leases. This will be reviewed and updated accordingly within the next financial quarterly forecast.

Capital Works – YTD Forecast Budget variances by asset class



The above graph shows the year-to-date forecast variance per asset classification. This graph combined with the below chart shows that Council’s capital program is tracking below YTD phasing, which is mainly due to the timing variance for Croydon Community Hub A.

Capital works YTD expenditure cumulative



*Current Forecast expenditure includes carried forwards and future years' projects brought forward (if applicable).

The above chart indicates how Council is performing year to date against the forecast, as well as how we tracked against the Q2 forecast of \$21.7M. Council spent 85% of the Q2 forecast and has spent 29% of its total forecast for the year.

Capital expenditure is forecasted to be \$64.93M for the year which is an increase of \$18.91M since the adopted budget. The detailed movements are represented in the table below however the main driver has been the carry forwards from 2024/25 into 2025/26 of \$12.86M.

	Amount Fav/(unfav) \$'000
Carry forwards from 2024/25 into 2025/26	(12,855)
Increase in Croydon Community Hub A due to a reduction in expected spend in late 2024/25 (reforecasting the timing of delivery for the project across financial years)	(3,868)
Additional expenditure linked to new grant funding	(1,798)
Reforecast of asset sales income, now expecting to be realised within 2026/27 financial year	(235)
Increase linked to income received in a prior financial year for Street Lighting Improvement Program, with expenditure expected to be incurred during 2025/26	(126)
Other minor adjustments	(22)
Total	(18,904)

6. Financial Position

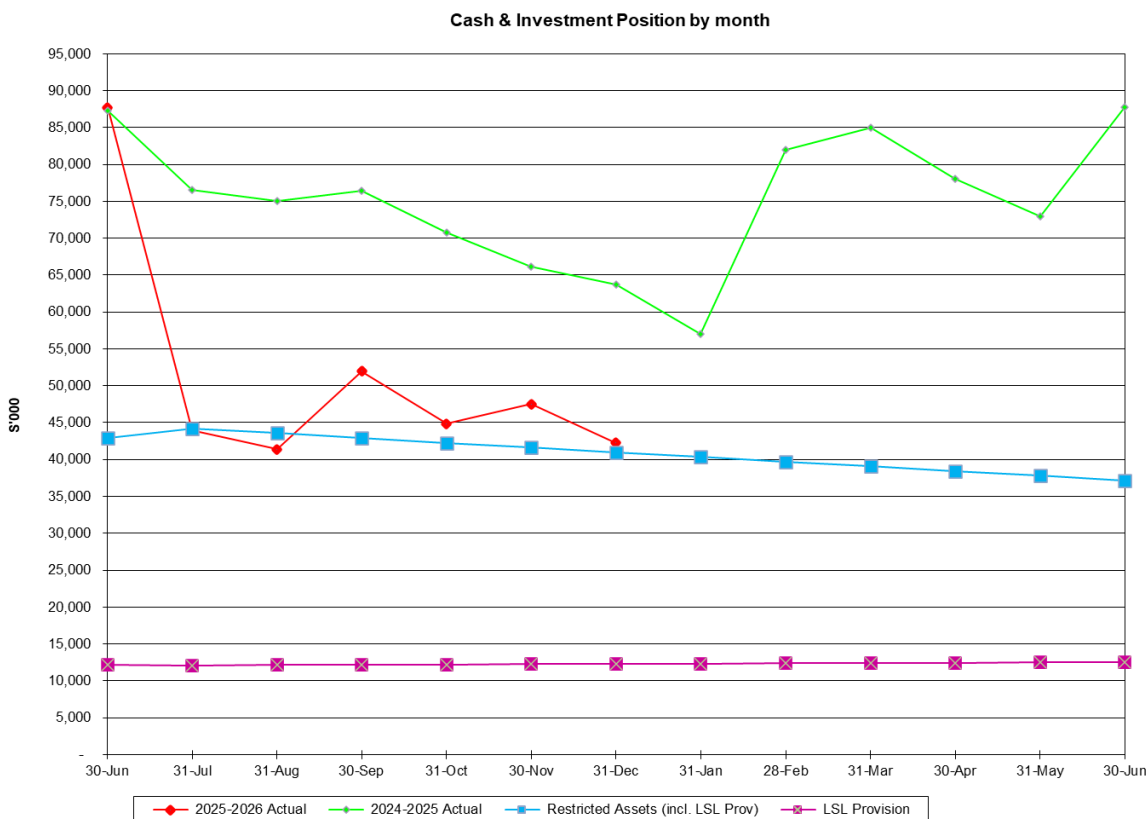
	2024-25 December Actual \$'000	2024-25 30 June Actual \$'000	2025-26 December Actual \$'000	2025-26 Adopted Budget \$'000
Cash and investments	63,681	78,439	42,723	34,060
Net current assets	91,409	40,731	98,350	31,781
Net assets and total equity	2,295,696	2,980,209	3,041,903	2,266,798

The financial position as of 31 December 2025 shows cash and investment balances of \$42.72M and a net current asset position of \$98.35M. The net asset and total equity position as of 31 December 2025 is \$3.04B.

Cash and investment balances are currently \$4.39M below where we expect to land of 30 June 2026. With the Q2 forecasted position showing we are expecting to hold cash and cash investments of \$46.76M by the end of the financial year, which is below the adopted budget position. This is mainly driven by the rephasing of targeted property sales across 25/26 and future years.

Cash and investments balance by month

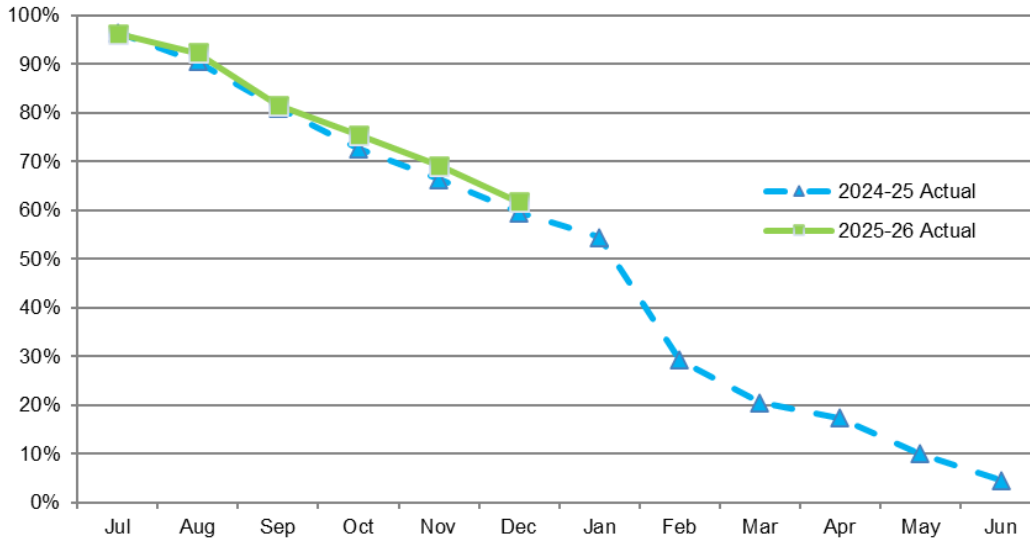
This graph reflects that there are sufficient cash reserves to cover both restricted assets and any fluctuations in cash flow. The levels fluctuate during the year in line with inflows from peak rate payment periods and expense cycles. Restricted Assets refer to long service leave provision, waste management reserve, trust funds and deposits held, unexpended grants and developer’s contributions.



The significant reduction in cash and investment holdings during July 2025 was mainly due to a \$20.19M payment made to the Department of Transport linked to the return of unspent grant funds. In addition to this there are fluctuations year on year in terms of the timing of payments (e.g. payments made to Council’s creditors and ESVF levy quarterly payments) and income (e.g. grant income received including Victorian Grants Commission Financial Assistance Grant).

Rates outstanding balances by month

The below chart compares the rates outstanding as at 31 December 2025 to the same time last financial year. Our collection rate follows a similar pattern to previous periods, based on rate instalments occurring at set times throughout the financial period. Council has one of the highest debt recovery performances in comparison to other local government authorities.



7. Cash and Investments

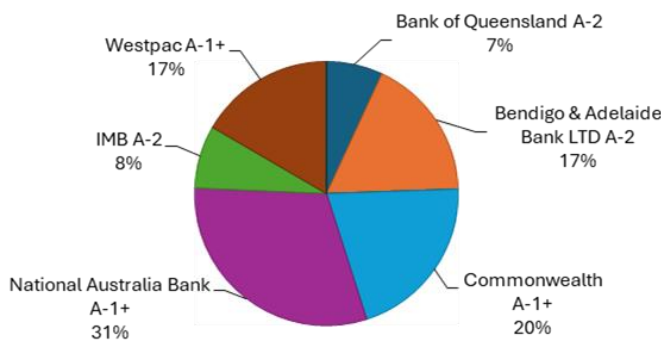
The following graphs indicate the diversification and credit ratings of the investment portfolio at the end of December 2025. Investments are made in accordance with Council’s Investment Policy and all criteria specified in the Policy are met at the time the investments are made.

Council’s Investment Policy is to maintain a well-balanced investment portfolio and amounts invested, at any time, should not exceed the following percentages of Council’s Portfolio.

Investment Grade	Max % of Total Investments	Max % Invested with Single Institution*
AAA/ AA+/AA/AA-/A+/A-/	100%	60%
BBB+/ BBB	50%	15%
BBB-	10%	15%

*Excludes cash balances held in Council’s At-Call or 11AM accounts.

Investment Distribution as at 31 December 2025



Credit Rating as at 31 December 2025



Investments as at 31/12/2025							
Institution	Rating	Maturity Date	Days	Yield %	Type	\$000's	%
Commonwealth	A-1+			4.55	On-Call	8,098	20.6%
Westpac	A-1+	12-Jan-26	182	4.25	Term Dep	2,500	6.4%
National Australia Bank	AA-	19-Jan-26	119	4.15	Term Dep	2,500	6.4%
Bendigo & Adelaide Bank LTD	A-2	19-Jan-26	182	4.15	Term Dep	1,536	3.9%
Bendigo & Adelaide Bank LTD	A-2	19-Jan-26	182	4.15	Term Dep	1,128	2.9%
National Australia Bank	AA-	02-Feb-26	119	4.15	Term Dep	3,030	7.7%
IMB	A-2	02-Feb-26	126	4.10	Term Dep	3,029	7.7%
Bendigo & Adelaide Bank LTD	A-2	09-Feb-26	119	4.05	Term Dep	3,033	7.7%
Bendigo & Adelaide Bank LTD	A-2	09-Feb-26	182	4.15	Term Dep	1,200	3.1%
Westpac	A-1+	16-Mar-26	98	4.16	Term Dep	1,500	3.8%
Bank of Queensland	A-2	16-Mar-26	182	4.20	Term Dep	1,210	3.1%
National Australia Bank	AA-	23-Mar-26	105	4.13	Term Dep	2,070	5.3%
National Australia Bank	AA-	30-Mar-26	105	4.15	Term Dep	2,018	5.1%
Westpac	A-1+	16-Apr-26	178	4.04	Term Dep	2,528	6.4%
Bank of Queensland	A-2	20-Apr-26	189	4.35	Term Dep	1,500	3.8%
National Australia Bank	AA-	26-Oct-26	364	4.15	Term Dep	2,418	6.2%
						39,299	100%

Term Dep = Term Deposit

Council's performance against the industry wide benchmark for average investment yield rate is provided below:

Benchmark	4.04%
Maroondah Investment Portfolio as at 31 December 2025	4.15%

8. Conclusion

The quarter two changes decrease the expected surplus by \$7.55M resulting in a revised surplus of \$11.78M.

The unfavourable result is masked by \$7.84M reduction in net profit from sale of assets due to the rephasing of targeted property sales across 25/26 and future years. These revised forecast assumptions reflect where we expect to land at 30 June 2026.

We are well underway with the development of the draft budget for 2026/27 which reflect the 2025-2029 Council Plan and the Maroondah 2050 Community Vision.