

CCS009 STATEMENT OF FINANCIAL ACTIVITY TO 30 SEPTEMBER 2013

AGENDA REFERENCE:	D-13-68665
AUTHOR:	K Chua, Manager Accounting Services
EXECUTIVE:	B Davis, Director of Corporate and Commercial Services
DATE OF REPORT:	4 of October, 2013
FILE REFERENCE:	FM/17/0001
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes

SUMMARY:

The attached financial reports provide a comprehensive report on the City's finances to 30 September 2013.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The financial position to the end of September 2013 is detailed in the attached report and summarised as follows relative to year-to-date budget expectations:

Operating Income	\$ 183,370	0.4%	Positive Variance
Operating Expenditure	\$905,908	4.9%	Positive Variance
Net Operating	\$1,089,278	3.7%	Positive Variance
Capital Expenditure	\$4,625,705	54.8%	Positive Variance
Capital Revenue	\$39,322	21.0%	Negative Variance
Cash at Bank - Municipal	\$19,876,267		
Cash at Bank – Reserve	\$26,337,353		
Total Funds Invested	\$42,700,927		
Net Rates Collected	66.06%		
Receivables Outstanding	\$1,233,830		

The attached report provides explanatory notes for items greater than 10% or \$50,000. This commentary provides Council with an overall understanding of how the finances are progressing in relation to the adopted budget.

The financial position represented in the September financials shows a positive variance of \$1,089,278 in the net operating result. The closing funding surplus is \$5,746,727 and is due to the under-spend associated with materials and contractors and employee costs. Additionally, capital expenditure is understated due to the delay associated with commencing and completing infrastructural works and purchases of buildings and plant and equipment.

COMMUNITY CONSULTATION:

No community consultation was undertaken.

COUNCILLOR/OFFICER CONSULTATION:

There has been no officer consultation with Councillors in relation to the monthly financial report.

STATUTORY IMPLICATIONS:

Section 6.4 of the Local Government Act 1995 and Regulation 34 of the Local Government (Financial Management) Regulations 1996 require that as a minimum Council is to receive a Statement of Financial Activity.

POLICY IMPLICATIONS:

The provision of financial reports to Council is governed by statute not policy.

FINANCIAL AND BUDGET IMPLICATIONS:

Any issues in relation to expenditure and revenue allocations or variance trends are identified and addressed each month.

STRATEGIC & REGIONAL OUTCOMES:**Strategic Community Plan Outcomes:**

Goal 5:	Governance
Outcome 5.2:	Planning and Policy
Strategy 5.2.7:	Ensuring efficient and effective delivery of service

Regional Outcomes:

There are no regional outcomes associated with monthly reporting.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:**Economic:**

There are no economic issues.

Social:

There are no relevant social issues.

Environmental:

There are no environmental issues.

Cultural & Heritage:

There are no cultural or heritage issues.

RELEVANT PRECEDENTS:

Council is provided with financial reports each month.

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:

Simple Majority is required.

CONCLUSIONS

The financial activity statement to 30 September 2013 as attached includes no matters of variance considered to be of concern.

EXECUTIVE RECOMMENDATION

That Council by Simple Majority pursuant to Regulation 34 of the Local Government (Financial Management) Regulations 1996 RESOLVES to:

1. RECEIVE the September 2013 monthly financial activity statement as attached; and
2. RECORD the statement of financial activity in the Minutes.



MONTHLY FINANCIAL REPORT

For the Period Ended 30 September 2013

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CITY OF GREATER GERALDTON
Statement of Financial Activity for the Period Ended 30 September 2013

	Budget	YTD Budget Estimated	YTD Actual	Variances \$	%	
Operating Income						
Rates	37,847,428	37,455,775	37,479,102	(23,327)	-0.1%	✓
Grants & Subsidies, Contributions	10,026,917	2,296,942	2,287,746	9,196	0.4%	✗
Fees & Charges	17,417,497	7,347,694	7,614,470	(266,776)	-3.6%	✓
Interest Earnings	1,758,513	439,628	384,836	54,792	12.5%	✗
Other	2,029,625	348,271	304,234	44,037	12.6%	✗
Profit On Disposal Of Assets	578,807	96,468	97,760	(1,292)	-1.3%	✓
	69,658,787	47,984,778	48,168,148	(183,370)	-0.3%	✓
Operating Expenditure						
Employee Costs	(28,395,045)	(7,688,177)	(7,201,173)	(487,004)	6.3%	✓
Materials & Contractors	(35,704,720)	(4,463,090)	(4,230,400)	(232,690)	5.2%	✓
Utility & Govt Charges	(3,185,325)	(796,290)	(757,811)	(38,479)	4.8%	✓
Insurance	(971,360)	(485,680)	(436,454)	(49,226)	10.1%	✓
Interest/Borrowing Costs	(842,202)	(124,629)	(125,461)	832	-0.7%	✗
Others	(714,385)	(178,341)	(154,688)	(23,653)	13.3%	✓
Depreciation On Assets	(18,042,064)	(4,510,326)	(4,500,000)	(10,326)	0.2%	✓
Contributions, Donations & Grants	(1,230,420)	(162,632)	(113,447)	(49,185)	30.2%	✓
Loss On Disposal Of Assets	(209,720)	(16,179)	0	(16,179)	100.0%	✓
	(89,295,241)	(18,425,344)	(17,519,436)	(905,908)	4.8%	✗
NET OPERATING	(19,636,454)	29,559,434	30,648,712	(1,089,278)	-3.7%	✓
Non-Cash Expenditure and Revenue						
(Profit) / Loss on Asset Disposals	(369,087)	(36,396)	0	(36,396)	100.0%	✓
Depreciation on Assets	18,042,064	4,510,326	4,500,000	10,326	0.2%	✗
	17,672,977	4,473,930	4,500,000	(26,070)	-0.6%	✓
Capital Expenditure						
Purchase Buildings	(11,049,500)	(2,801,829)	(1,847,845)	(953,984)	34.0%	✓
Purchase Plant and Equipment	(2,597,000)	(636,726)	(57,071)	(579,655)	91.0%	✓
Purchase Furniture and Equipment	(832,500)	(178,120)	(32,070)	(146,050)	82.0%	✓
Purchase Infrastructure Assets - Roads	(46,846,900)	(3,903,908)	(1,202,652)	(2,701,256)	69.2%	✓
Purchase Infrastructure Assets - Parks	(3,489,782)	(290,815)	(55,262)	(235,553)	81.0%	✓
Purchase Infrastructure Assets - Meru	0	0	(39,637)	39,637		✗
Repayment of Debentures	(3,089,287)	(622,322)	(573,476)	(48,845)	7.8%	✓
Self Supporting / Council Loans paid out	0	0	0	0		✗
	(67,904,969)	(8,433,720)	(3,808,015)	(4,625,705)	54.8%	✓
Capital Revenue						
Proceeds from Disposal of Assets	4,636,000	165,243	128,955	36,285	22.0%	✗
Proceeds from New Debentures	21,030,000	0	0	0		✗
Self-Supporting Loan Principal Income	92,124	22,212	19,177	3,035	13.7%	✗
Council Loan Principal Income	0	0	0	0		✗
	25,758,124	187,455	148,133	39,322	21.0%	✗
Reserves						
Transfers to Reserves	(448,000)	(111,996)	(67,000)	(44,996)	40.2%	✓
Transfers from Reserves	17,522,469	0	0	0		✗
	17,074,469	(111,996)	(67,000)	(44,996)	40.2%	✓
Current Funding Surplus (Deficit)	(27,035,853)	25,675,103	31,421,830	(5,746,727)	-22.4%	✓

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing a slight positive variance of \$183,370 or 0.4% due to the following:

Interest Earnings – The negative variance of \$54,792 or 12.5% is due to the reduction in wholesale interest rates.

Fees and Charges – The positive variance of \$ 266,776 or 3.6% is due to higher takings in several fees and charges including Meru landfill.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$905,908 or 4.9% due to the following:

Employee Costs - The positive variance of \$487,004 or 6.3% is due to a small number of vacancies and the allocation of salary oncosts including training.

Materials and Contractors - The positive variance of \$ 232,690 or 5.2% is due to projects being in the early stage of planning.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$4,625,705 or 54.8% due to the following:

Purchase of Buildings – The positive variance of \$953,984 or 34.0% is associated with the timing of the projects.

Purchase of Plant and Equipment – The positive variance of \$579,655 or 91.0% is associated with a later than usual order of plant and equipment.

Purchase of Furniture and Equipment – The positive variance of \$146,050 or 82.0% is associated with a less than expected order of furniture and equipment.

Purchase of Infrastructure Assets – Roads - The positive variance of \$2,701,256 or 69.2% is associated with the timing of certain projects being just past the stage of development.

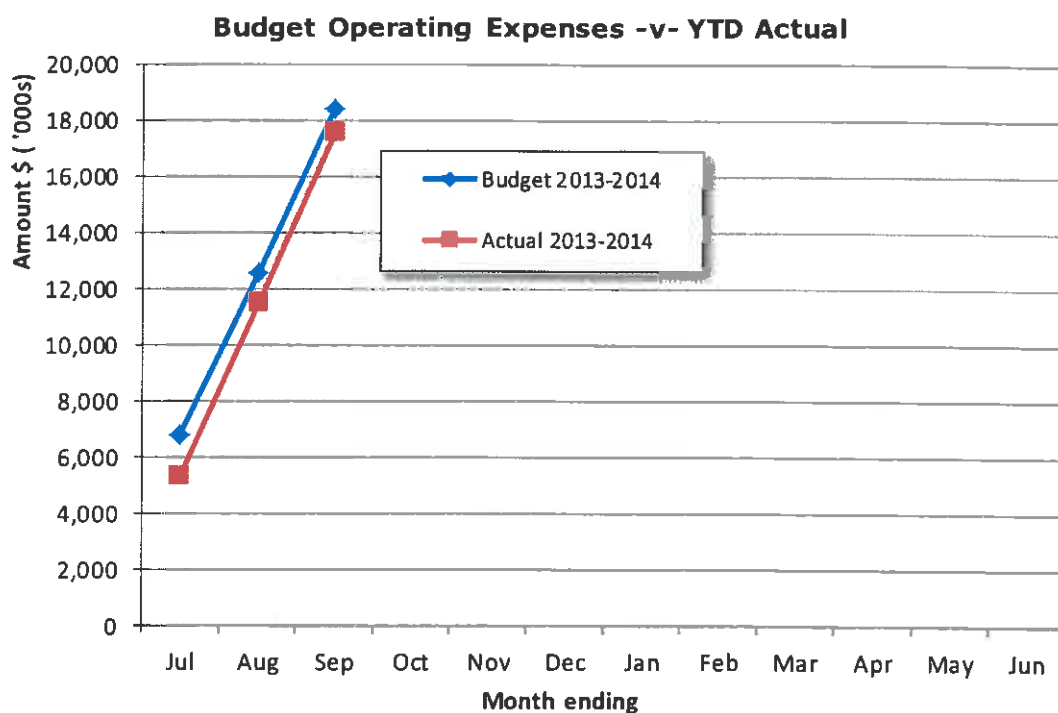
Purchase of Infrastructure Assets – Parks - The positive variance of \$235,553 or 81.0% is associated with the timing of certain projects being just past the stage of development.

Capital Revenue

Capital revenue is showing a slight positive net variance of \$39,322 or 21.0% with no significant variance.

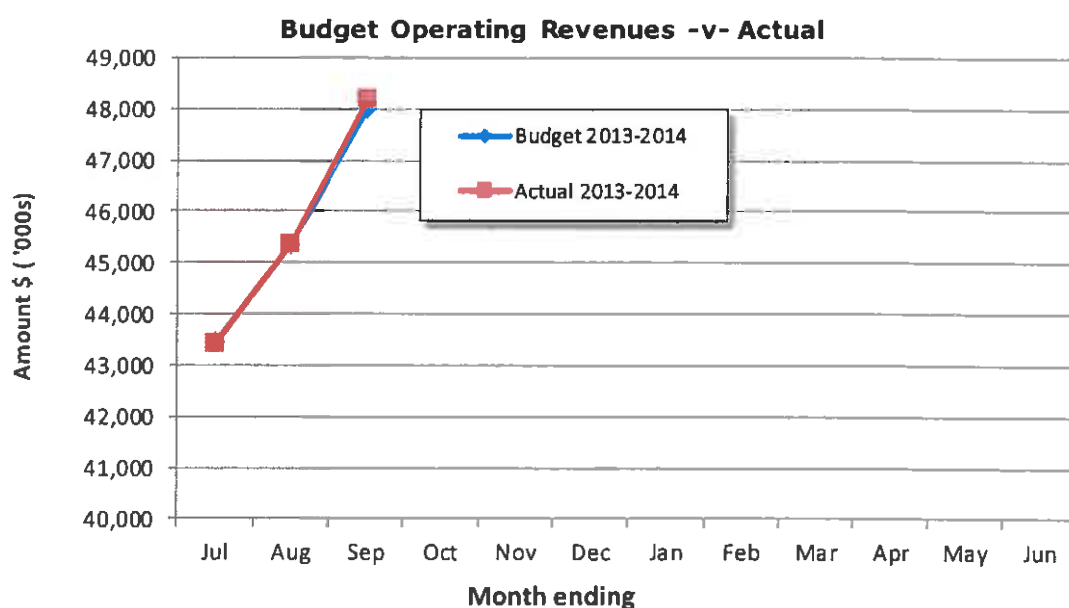
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th September 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Operating Expenses

Operating expenditure recorded as at 30 September is \$17,519,436. Major positive variances include employee costs, materials & contractors, utilities and contributions, donations & grants.

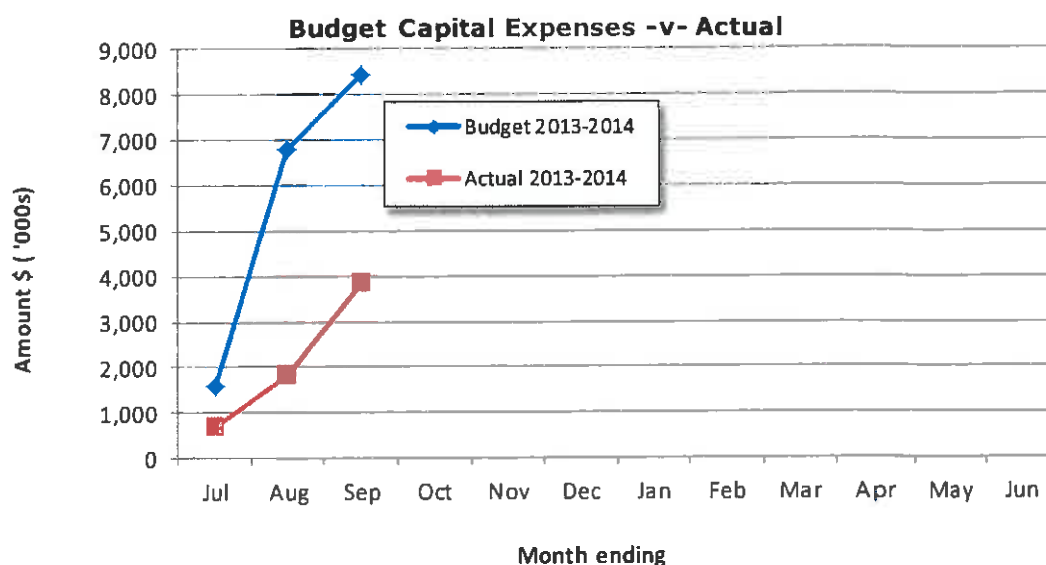


Comments/Notes - Operating Revenues

Operating income recorded as at 30 September is \$48,168,148. Major variances are in fees and charges and interest earnings.

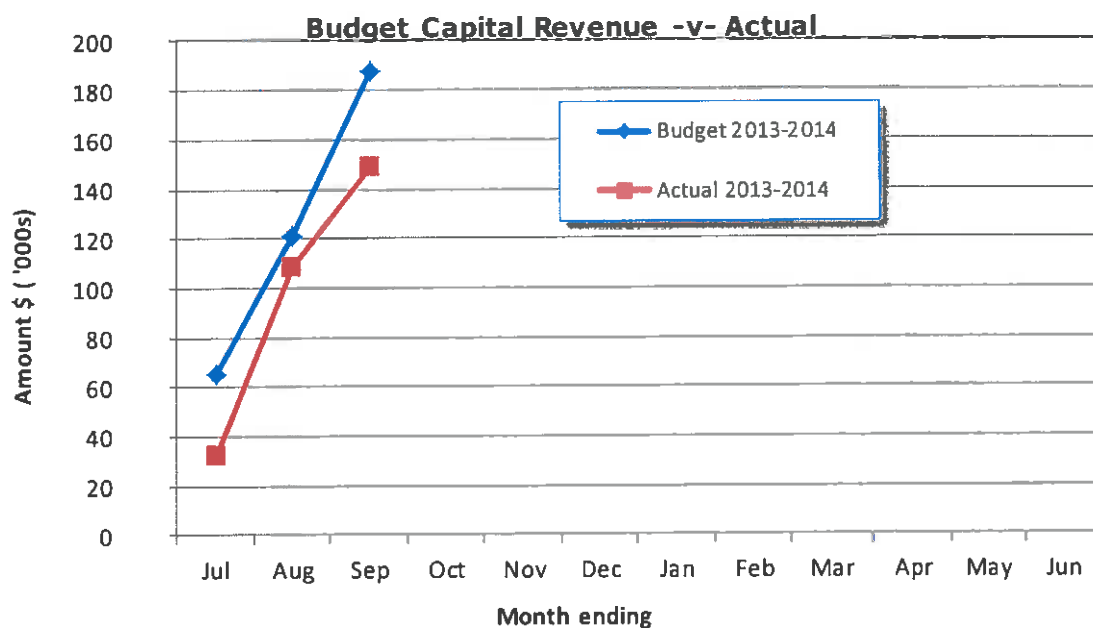
City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th September 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Capital Expenses

Capital expenditure recorded as at 30 September is \$3,808,015. Major positive variances include purchase buildings, plant & equipment, furniture, roads and parks.



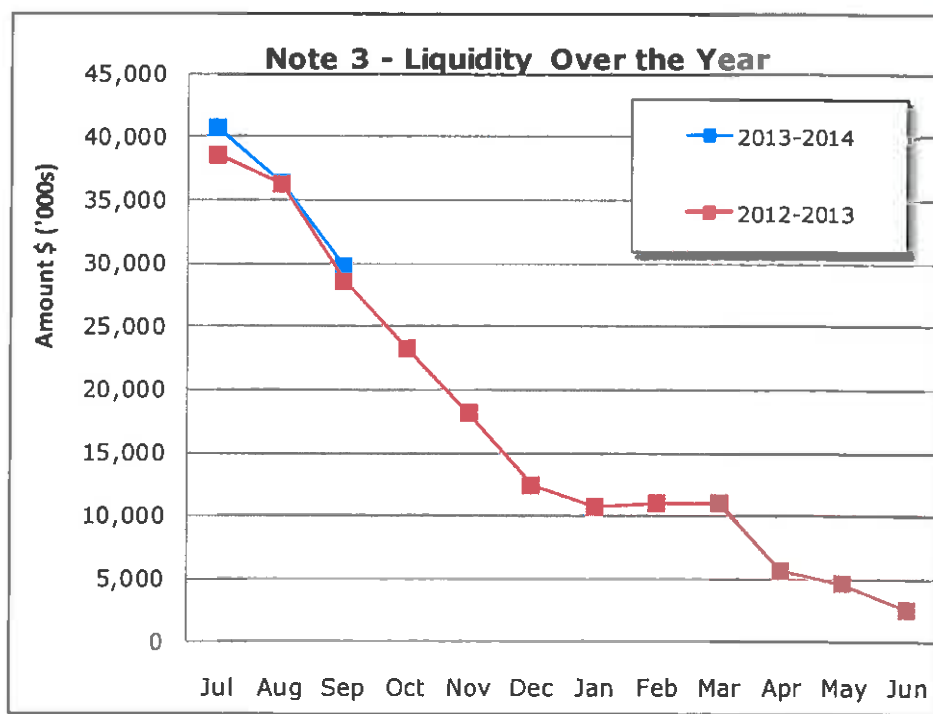
Comments/Notes - Capital Revenues

Capital revenue recorded as at 30 September is \$148,133. There are no major variances.

City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th September 2013

Note 3: NET CURRENT FUNDING POSITION

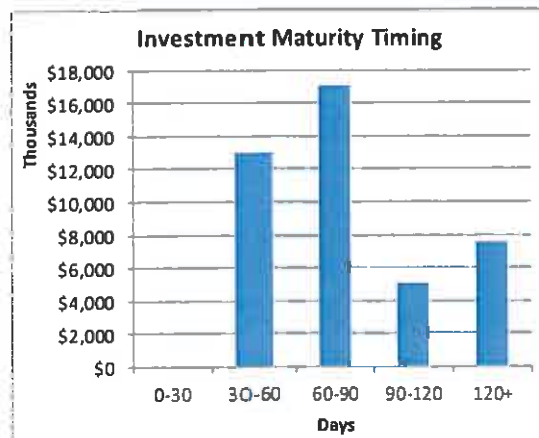
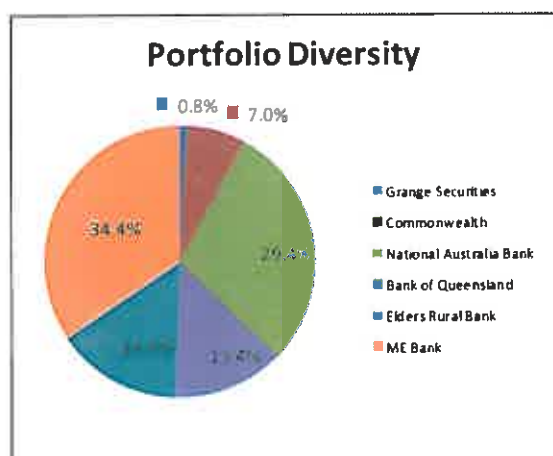
Positive=Surplus (Negative=Deficit)			
2013-2014		2012-2013	
This Period	Last Period	This Period	
\$	\$		
Current Assets			
Cash at Bank			
Municipal Account	19,876,267	22,645,922	16,076,914
Reserve Account	26,337,353	23,922,686	32,441,858
Restricted Assets	826,713	825,463	898,536
Total Cash at Bank	47,040,333	47,394,071	49,417,308
Receivables			
Prepayments	102,801	126,327	96,673
Tax Recoverable	347,382	376,533	576,736
Sundry Debtors	1,226,067	1,890,312	2,557,464
Rates Receivable	14,635,666	17,147,571	14,725,324
Inventories	334,003	301,861	324,945
Total Current Assets	63,686,253	67,236,675	67,698,450
Less: Current Liabilities			
Creditors and Provisions			
	913,418	963,435	542,574
Current Borrowings	2,433,223	1,709,806	2,332,798
Employee Entitlements	4,364,332	4,376,892	3,931,797
	7,710,973	7,050,133	6,807,169
Less: Cash Restricted	(26,337,353)	(23,922,686)	(32,441,858)
Net Current Funding Position	29,637,927	36,263,856	28,449,423



City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30/09/2013

Note 4 - Monthly Investment Report

Deposit Ref	Current Credit Rating	Maturity/ Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @30/09/2013	Percentage of Portfolio
Grange Securities							
Kakadu	D	20/3/2014	4.78%	700,000		287,000	
Parkes AAA	D	20/6/2015	5.01%	250,000		67,500	
Scarborough AA Ac 21	N/R			500,000			
Subtotal				1,450,000	-	354,500	0.8%
** 26th February 2013 received \$ 480,960 re Merimbula Dante notes FV \$ 500,000.							
** 21st March 2013 received \$348,658 re Helium Capital - Esperance notes FV \$500,000.							
Commonwealth							
Municipal239	A1+	12/11/2013	3.42%	3,000,000	9,074	3,009,074	
Subtotal				3,000,000	9,074	3,009,074	7.0%
National Australia Bank							
Municipal238	A1+	21/11/2013	3.93%	5,000,000		5,000,000	
Municipal241	A1+	12/12/2013	3.89%	3,000,000		3,000,000	
Reserve169	A1+	19/12/2013	3.89%	1,547,000		1,547,000	
Reserve176	A1+	13/2/2014	3.89%	3,000,000		3,000,000	
Subtotal				12,547,000	-	12,547,000	29.4%
Bank of Queensland							
Reserve171	A2	19/12/2013	3.80%	665,000		665,000	
Reserve172	A2	19/12/2013	3.80%	831,531		831,531	
Reserve177	A2	13/3/2014	3.90%	4,216,222		4,216,222	
Subtotal				5,712,753	-	5,712,753	13.4%
Elders Rural Bank							
Reserve173	A2	20/12/2013	3.82%	1,377,600		1,377,600	
Reserve175	A2	13/11/2013	3.74%	5,000,000		5,000,000	
Subtotal				6,377,600	-	6,377,600	14.9%
ME Bank							
Municipal240	A2	27/12/2013	3.95%	5,000,000		5,000,000	
Reserve170	A2	19/12/2013	3.75%	4,700,000		4,700,000	
Reserve174	A2	14/1/2014	3.95%	5,000,000		5,000,000	
Subtotal				14,700,000	-	14,700,000	34.4%
Total Funds Invested				43,787,353	9,074	42,700,927	100.0%



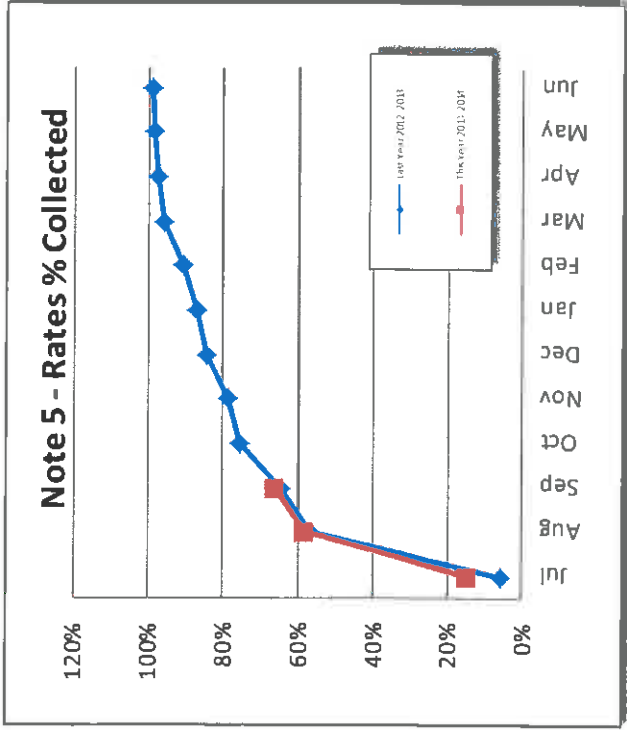
Note 5 : RECEIVABLES

Receivables - Rates and Rubbish

Opening Arrears Previous Years	
Rates Levied this year	(1,742,000)
Less Collections to date	(43,973,516)
Equals Current Outstanding	(29,047,347)
Comprises of Current Amt:	(16,668,169)
Deferred Amt:	(16,436,782)
	(231,387)
Net Rates Collectable	
% Collected	66.06%

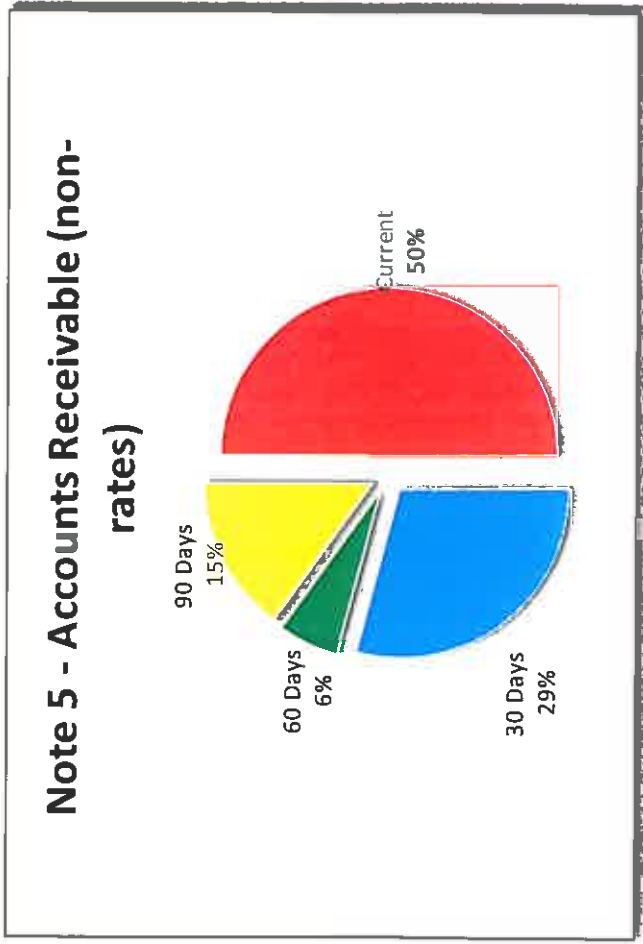
Current 2013-2014
\$
(1,742,000)
(43,973,516)
(29,047,347)
(16,668,169)
(16,436,782)
(231,387)

Receivables - General	Current	30 Days	60 Days	90 Days
	\$	\$	\$	\$
	614,454	362,139	71,385	185,853
Total Outstanding				1,233,830
General	556,799	45%		
Airport	406,522	33%		
Meru	270,509	22%		
	1,233,830	100%		



Comments/Notes - Receivables Rates and Rubbish

Rates collections are 66.06% of total rates billed in September post 1st rate instalment on 23/08/2013. 2nd instalment due 23/10/2013.



Comments/Notes - Receivables General

Major debtors over \$100k in September include, \$183k Virgin Australia and \$148k Qantaslink

