

TF056 STATEMENT OF FINANCIAL ACTIVITY TO 31 MARCH 2013

AGENDA REFERENCE:	D-13-22911
AUTHOR:	A Van Der Weij, Acting Manager Financial Services
EXECUTIVE:	B Davis, Director of Treasury & Finance
DATE OF REPORT:	5 April, 2013
FILE REFERENCE:	FM/0010
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes

SUMMARY:

The attached financial reports provide a comprehensive report on the City's finances to 31 March 2013.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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

Operating Income	\$710,264	1.2%	Positive Variance
Operating Expenditure	\$1,287,144	2.5%	Positive Variance
Net Operating	\$1,997,408	22.4%	Positive Variance
Capital Expenditure	\$1,715,810	8.1%	Positive Variance
Capital Revenue	\$42,000	0.7%	Positive Variance
Closing Surplus /(deficit)	\$3,718,803	7.9%	Positive Variance
Cash at Bank - Municipal	\$11,321,834		
Cash at Bank – Reserve	\$26,758,740		
Total Funds Invested	\$34,527,754		
Net Rates Collected	95.9%		
Receivables Outstanding	\$2,592,611		

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 March financials shows a positive variance of \$1,997,408 in the net operating result. The closing funding surplus is \$3,718,803 and is due to the under-spend associated with materials and contractors, employee costs and utilities. Additionally, Capital expenditure is understated due to the delay associated with commencing and completing infrastructural works and the purchase of 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:	Leading the Opportunities
Outcome 5.4:	Efficient and effective business systems
Strategy 5.4.2:	Provide effective and sustainable financial management and risk management practices

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.

OPTIONS:

Option 1:

As per Executive Recommendation in this report.

Option 2:

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

1. DEFER adoption of the March 2013 monthly financial activity statement as attached; and
2. MAKES the determination based on the following reason:
 - a. To be determined by Council

Option 3:

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

1. REJECT adoption of the March 2013 monthly financial activity statement as attached;
2. MAKES the determination based on the following reason:
 - a. To be determined by Council.

CONCLUSIONS

The financial activity statement to 31 March 2013 as attached includes no matters of variance considered to be of concern except that a Revaluation of Roads as at 30th June 2012 and the valuation of assets at fair values have the effect of increasing depreciation charge significantly. This is reflected in the Mid-year budget review.

EXECUTIVE RECOMMENDATION

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

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



City of
Greater Geraldton
a vibrant future



MONTHLY FINANCIAL REPORT

For the Period Ended 31 March 2013

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CITY OF GREATER GERALDTON
Statement of Financial Activity for the Period Ended 31 March 2013

	Budget Revised	YTD Budget Estimated	YTD Actual	Variances		
				\$	%	
Operating Income						
Rates	36,963,892	36,873,264	36,850,824	22,440	0.1%	×
Grants & Subsidies, Contributions	23,776,526	8,652,106	8,169,878	482,228	5.6%	×
Fees & Charges	16,796,081	12,578,201	13,756,694	(1,178,493)	-9.4%	✓
Interest Earnings	2,059,060	1,244,241	1,248,995	(4,754)	-0.4%	✓
Other	1,353,083	844,836	876,521	(31,685)	-3.8%	✓
Profit On Disposal Of Assets	6,594	0	0	0		×
	80,955,236	60,192,648	60,902,912	(710,264)	-1.2%	✓
Operating Expenditure						
Employee Costs	(26,587,387)	(20,042,799)	(19,911,078)	(131,721)	0.7%	✓
Materials & Contractors	(36,306,969)	(13,009,997)	(12,191,026)	(818,971)	6.3%	✓
Utility & Govt Charges	(2,916,827)	(1,944,551)	(1,846,957)	(97,594)	5.0%	✓
Insurance	(931,365)	(758,463)	(698,166)	(60,297)	7.9%	✓
Interest/Borrowing Costs	(967,595)	(458,744)	(367,034)	(91,710)	20.0%	✓
Others	(2,560,268)	(1,493,490)	(1,443,054)	(50,436)	3.4%	✓
Depreciation On Assets	(18,064,508)	(13,547,799)	(13,511,385)	(36,414)	0.3%	✓
Loss On Disposal Of Assets	(40,000)	(0)	0	(0)	100.0%	✓
	(88,374,919)	(51,255,844)	(49,968,700)	(1,287,144)	2.5%	✓
NET OPERATING	(7,419,683)	8,936,804	10,934,212	(1,997,408)	-22.4%	✓
Non-Cash Expenditure and Revenue						
(Profit) / Loss on Asset Disposals	33,406	0	0	0	100.0%	×
Depreciation on Assets	18,064,508	13,547,799	13,511,385	36,414	0.3%	×
	18,097,914	13,547,799	13,511,385	36,414	0.3%	×
Capital Expenditure						
Purchase Buildings	(14,663,022)	(5,553,430)	(5,673,181)	119,751	-2.2%	×
Purchase Plant and Equipment	(4,484,075)	(2,242,038)	(646,240)	(1,595,798)	71.2%	✓
Purchase Furniture and Equipment	(609,636)	(372,837)	(146,892)	(225,945)	60.6%	✓
Purchase Infrastructure Assets - Roads	(24,874,960)	(8,377,114)	(8,477,799)	100,685	-1.2%	×
Purchase Infrastructure Assets - Parks	(10,140,886)	(2,725,369)	(2,696,007)	(29,362)	1.1%	✓
Purchase Infrastructure Assets - Meru	0	0	0	0		×
Repayment of Debentures	(3,071,842)	(1,891,736)	(1,806,595)	(85,141)	4.5%	✓
Self Supporting / Council Loans paid out	0	0	0	0		×
	(57,844,421)	(21,162,524)	(19,446,714)	(1,715,810)	8.1%	✓
Capital Revenue						
Proceeds from Disposal of Assets	1,811,912	603,971	559,838	44,133	7.3%	×
Proceeds from New Debentures	23,458,000	5,024,954	5,100,000	(75,046)	-1.5%	✓
Self-Supporting Loan Principal Income	87,045	65,000	68,816	(3,816)	-5.9%	✓
Council Loan Principal Income	656,211	655,344	662,615	(7,271)	-1.1%	✓
	26,013,168	6,349,269	6,391,269	(42,000)	-0.7%	✓
Reserves						
Transfers to Reserves	(9,289,710)	0	0	0		×
Transfers from Reserves	31,502,632	5,514,055	5,514,055	0	0.0%	×
	22,212,922	5,514,055	5,514,055	0	0.0%	×
Current Funding Surplus (Deficit)	1,059,900	13,185,404	16,904,207	(3,718,803)	-7.9%	✓

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing positive variance of \$710,264 or 1.2% due to the following:

Fees and charges is showing a positive variance of \$1,178,493 or 9.4% due to higher than budgeted income from Meru Tip.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$1,287,144 or 2.5% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$131,721 or 0.7% which is associated with a small level of vacant positions.

Materials and Contractors – Expenditure is showing a positive variance of \$818,971 or 6.3%. This is mainly due to delay in scheduled projects.

Utility & Government Charges - Expenditure is showing a positive variance of \$97,594 or 5.0%. This is mainly due to a reduction in utilities consumed including the closure of Aquarena for maintenance works.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$1,715,810 or 8.1% due to the following:

Purchase of Plant & Equipment – The positive variance of \$1,595,798 or 71.2% is associated with the timing of the purchasing (committed orders approximately \$ 1,300,000).

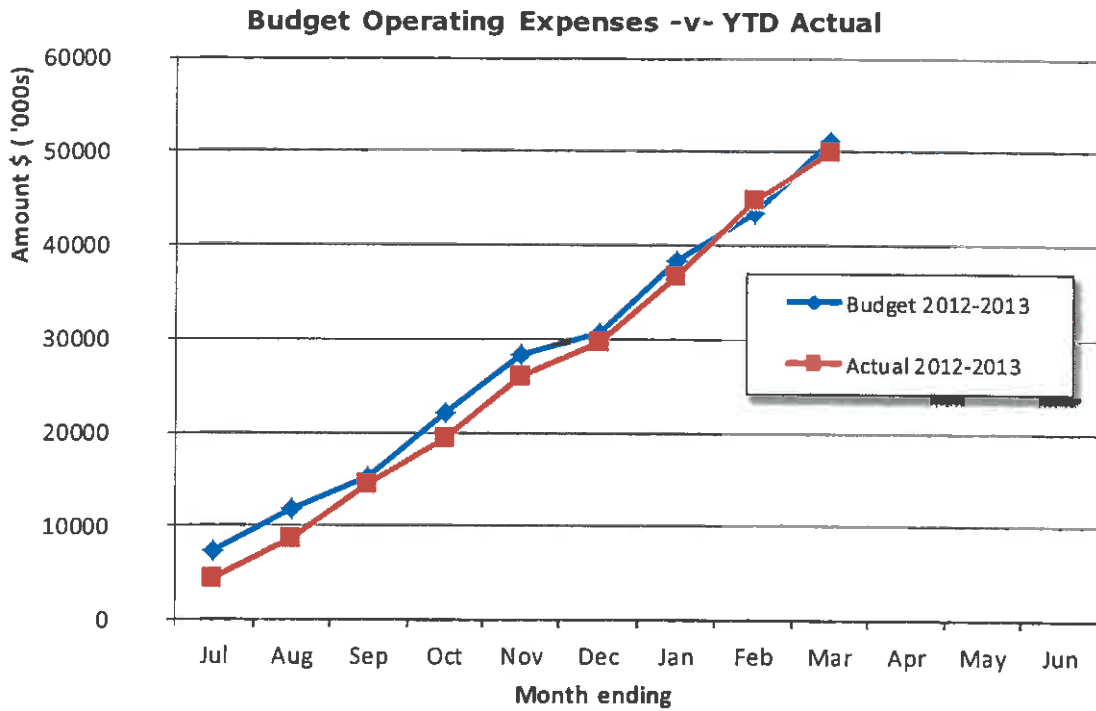
Capital Revenue

Capital revenue is showing a positive net variance of \$42,000 or 0.7%.

Reviewed Budget figures applied in current report.

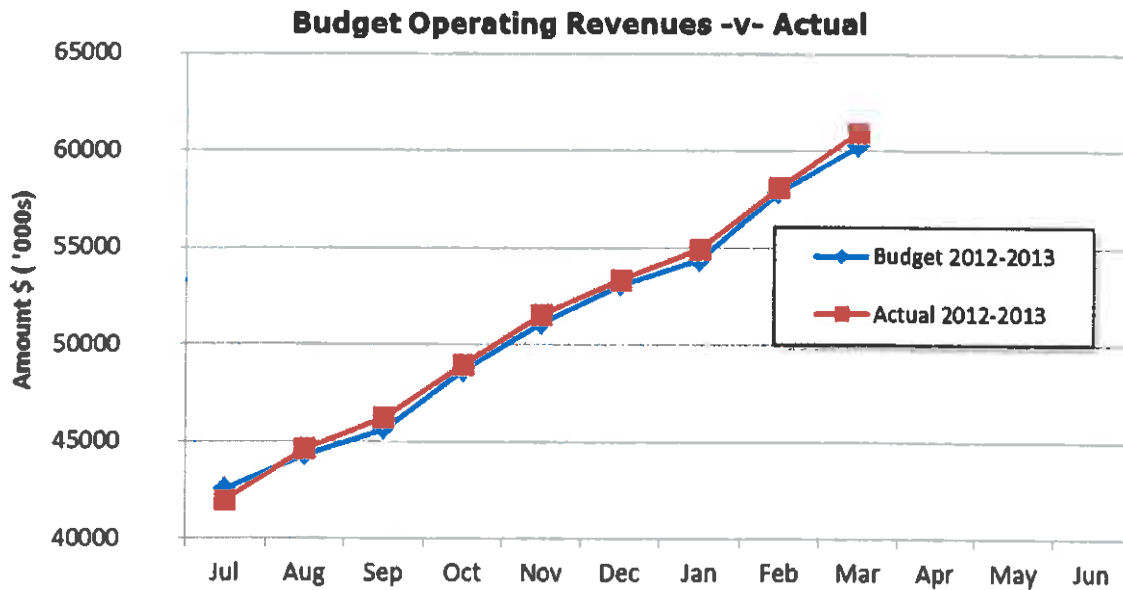
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st March 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Operating Expenses

Operating expenditure recorded as at 31 March is \$49,968,700. Major positive variances include employee costs and materials & contracts.

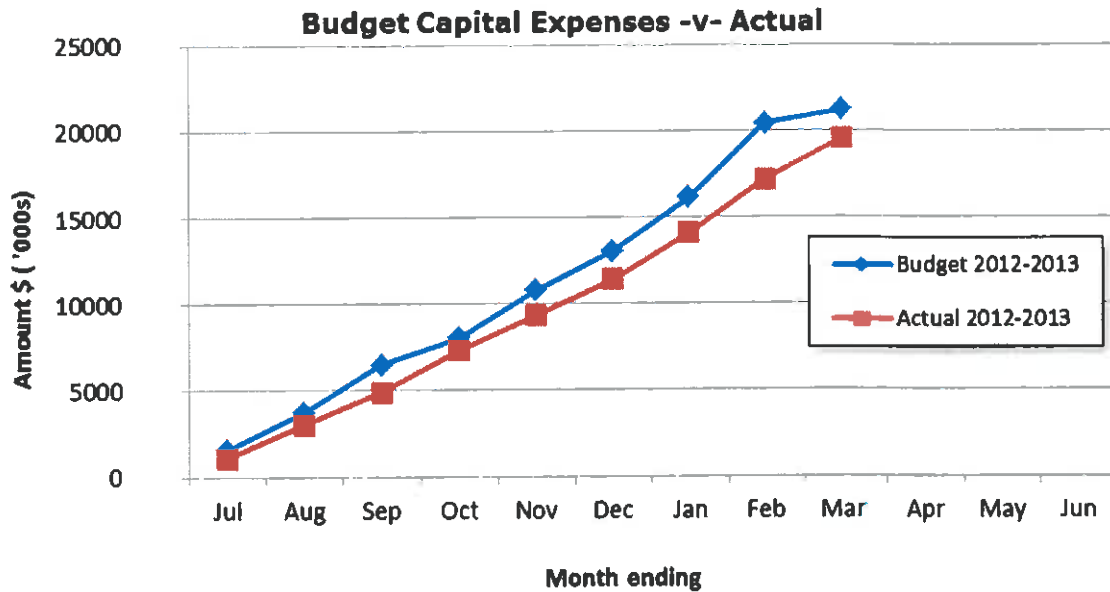


Comments/Notes - Operating Revenues

Operating income recorded as at 31 March is \$60,902,912. Major positive variances include grants, fees & charges.

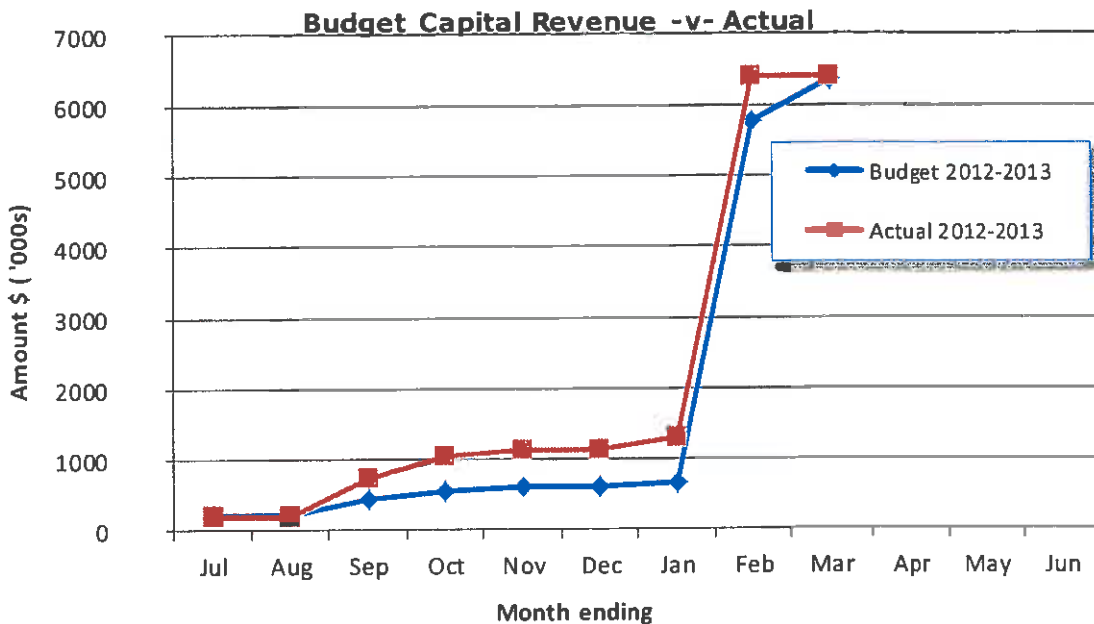
City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st March 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Capital Expenses

Capital expenditure recorded as at 31 March is \$19,446,714. Major variances include purchase of parks and equipment.



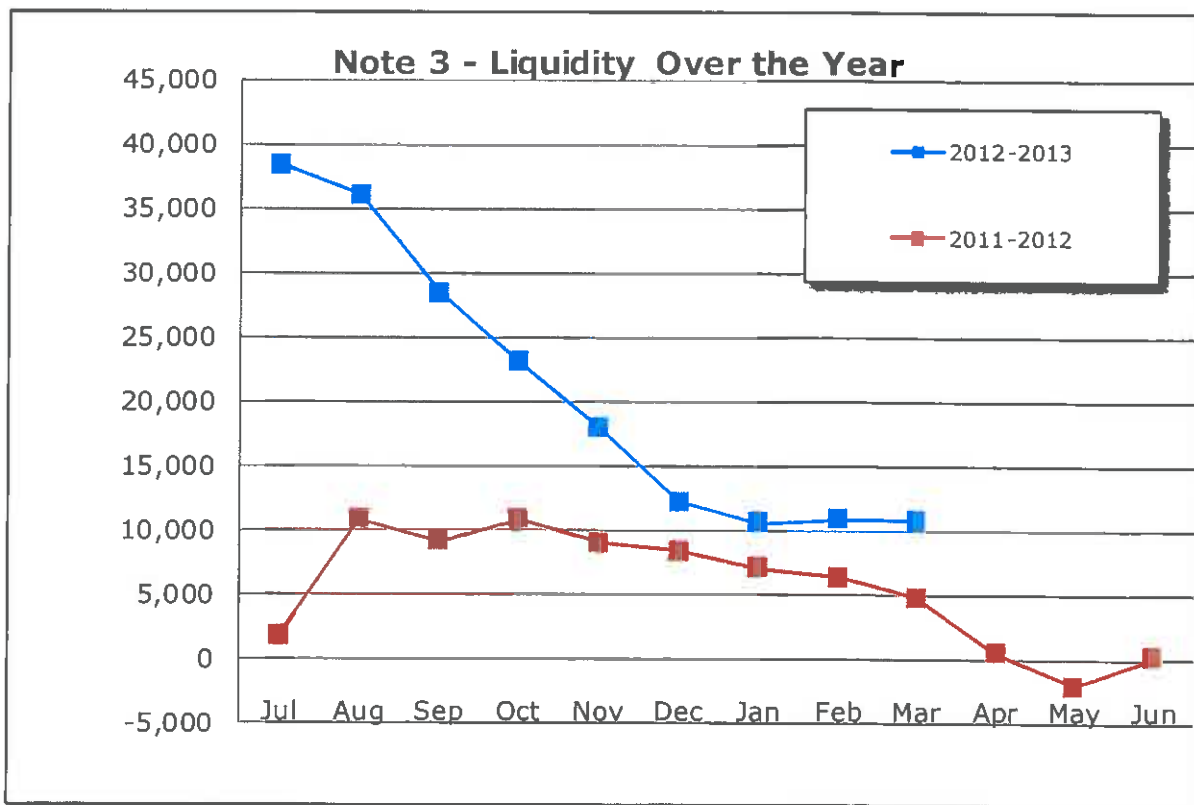
Comments/Notes - Capital Revenues

Capital revenue recorded as at 31 March is \$6,391,269. There are no major variances.

City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st March 2013

Note 3: NET CURRENT FUNDING POSITION

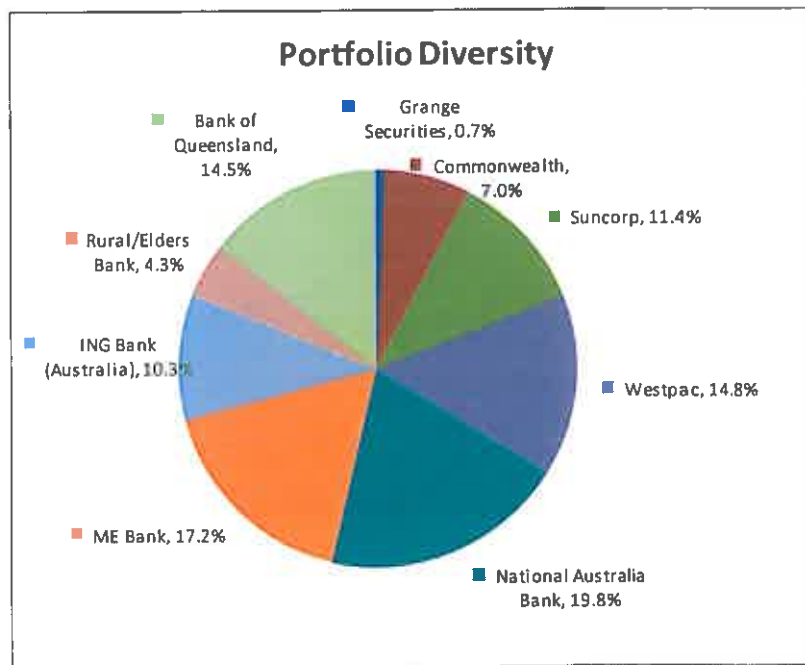
	Positive=Surplus (Negative=Deficit)	
	2012-2013	
	This Period	Last Period
	\$	\$
Current Assets		
Cash at Bank		
Municipal Account	11,321,834	10,636,783
Reserve Account	26,758,740	29,258,740
Restricted Assets	833,633	833,633
Total Cash at Bank	38,914,207	40,729,156
Receivables		
Prepayments	73,134	35,572
Tax Recoverable	271,045	586,778
Sundry Debtors	2,714,660	2,137,990
Rates Receivable	3,126,893	4,547,458
Inventories	316,684	301,896
Total Current Assets	45,416,623	48,338,851
Less: Current Liabilities		
Creditors and Provisions	1,568,935	1,961,789
Current Borrowings	1,454,254	1,454,254
Employee Entitlements	3,931,797	3,931,797
	6,954,986	7,347,840
Less: Cash Restricted	(27,592,373)	(30,092,373)
Net Current Funding Position	10,869,264	10,898,638



City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31/03/2013

Note 4 - Monthly Investment Report

Deposit Ref	Current Credit Rating	Maturity/ Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @31/03/2013	Percentage of Portfolio
Grange Securities							
Kakadu	D	20/3/2014	4.78%	700,000	24,367	203,000	
Parkes AAA	D	20/6/2015	5.01%	250,000	4,703	42,000	
Scarborough AA Ac 21	N/R			500,000			
Subtotal				1,450,000	29,070	245,000	0.7%
** 21st March 2013 CGG was paid \$348,658 re Helium Capital - Esperance notes which has a face value of \$500,000.							
Commonwealth							
Reserve 150	A1+	30/4/2013	3.99%	2,378,329	49,575	2,427,903	
Subtotal				2,378,329	49,575	2,427,903	7.0%
Suncorp							
Reserve 160	A1	30/4/2013	4.00%	3,830,729	88,861	3,919,590	
Subtotal				3,830,729	88,861	3,919,590	11.4%
Westpac							
Reserve 161	A1+	27/6/2013	4.39%	5,000,000	119,014	5,119,014	
Subtotal				5,000,000	119,014	5,119,014	14.8%
National Australia Bank							
Reserve 162	A1+	28/5/2013	4.28%	4,000,000	72,662	4,072,662	
Reserve 163	A1+	27/6/2013	4.35%	2,683,022	65,327	2,748,349	
Subtotal				6,683,022	137,989	6,821,011	19.8%
ME Bank							
Reserve 165	A2	27/6/2013	4.45%	5,000,000	123,288	5,123,288	
Municipal 235	A2	30/6/2013	4.40%	480,959		480,959	
Municipal 237	A2	27/6/2013	4.40%	348,658		348,658	
Subtotal				5,829,617	123,288	5,952,905	17.2%
ING Bank (Australia)							
Reserve 166	A1	28/5/2013	4.03%	3,424,387	117,944	3,542,331	
Subtotal				3,424,387	117,944	3,542,331	10.3%
Rural/Elders Bank							
Municipal 236	A2	12/4/2013	4.10%	1,500,000		1,500,000	
Subtotal				1,500,000	-	1,500,000	4.3%
Bank of Queensland							
Muni 234	A2	15/4/2013	4.80%	5,000,000		5,000,000	
Subtotal				5,000,000	-	5,000,000	14.5%
Total Funds Invested				35,096,084	665,740	34,527,754	100.0%



City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 31st March 2013

Note 5 : RECEIVABLES

Receivables - Rates and Rubbish

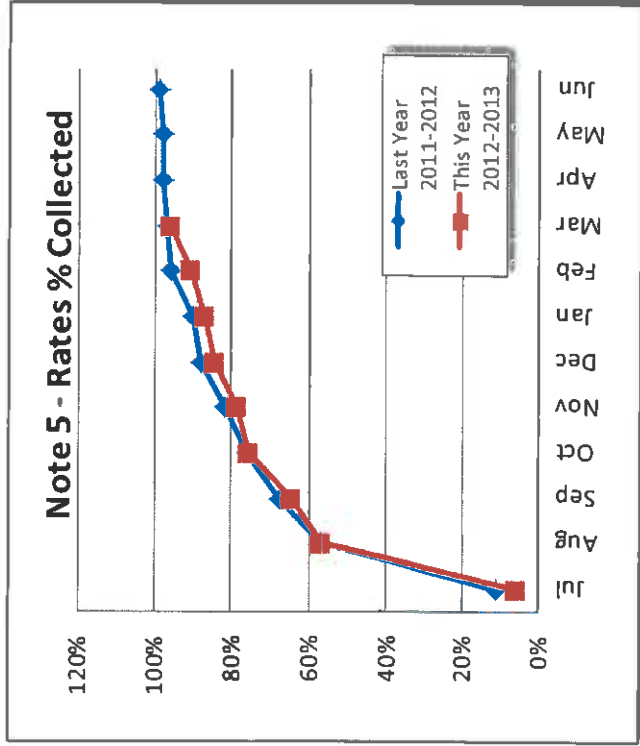
Opening Arrears Previous Years	\$ (1,389,940)
Rates Levied this year	(41,383,391)
Less Collections to date	(39,693,314)
Equals Current Outstanding	(3,080,018)
<i>Comprises of Current Amt:</i>	
<i>Deferred Amt:</i>	231,387

Net Rates Collectable
 % Collected 95.92%

Current 2012-2013
\$ (1,389,940)
(41,383,391)
(39,693,314)
(3,080,018)
(2,848,630)
231,387

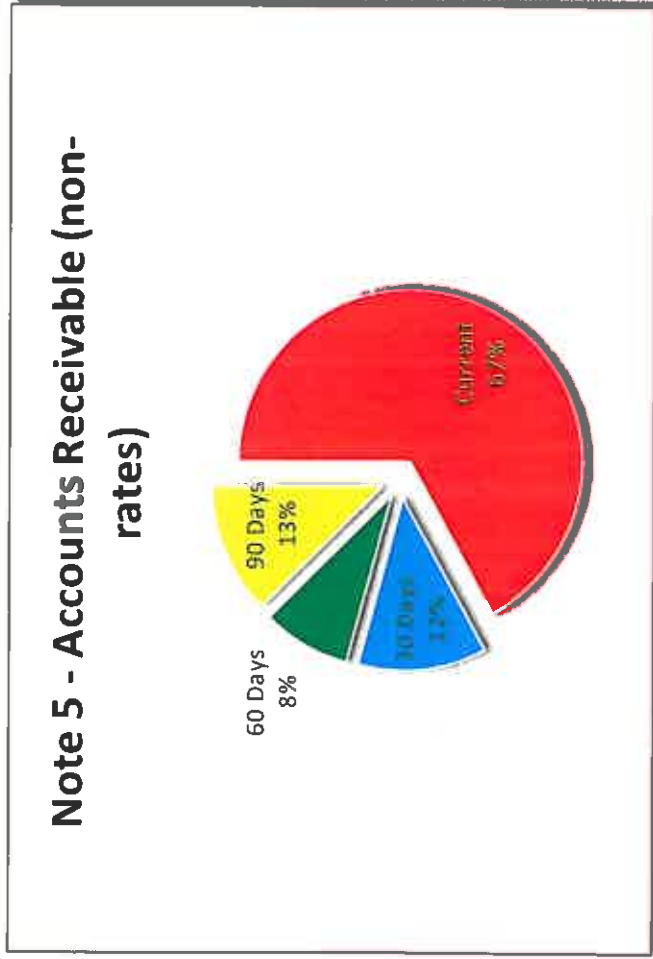
Receivables - General

	Current	30 Days	60 Days	90 Days
	\$ 1,737,548	\$ 315,448	\$ 216,772	\$ 322,843
Total Outstanding	2,592,611			
General	1,660,236			64.0%
Airport	768,814			29.7%
Meru	163,561			6.3%
	2,592,611 100%			



Comments/Notes - Receivables Rates and Rubbish

Rates collections are 95.92% of total rates billed in March after the fourth and last instalment.



Comments/Notes - Receivables General

Major debtors in March include \$663k Dept of Water, \$536k Skywest, \$333k Mt Gibson Mining, 131k Qantaslink and \$ 120k Main Roads.

