

**CCS004 STATEMENT OF FINANCIAL ACTIVITY TO 31 AUGUST 2013**

<b>AGENDA REFERENCE:</b>	<b>D-13-63007</b>
<b>AUTHOR:</b>	<b>K Chua, Manager Financial Services</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director of Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>6 of September, 2013</b>
<b>FILE REFERENCE:</b>	<b>FM/17/0001</b>
<b>APPLICANT / PROPONENT:</b>	<b>City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>Yes</b>

**SUMMARY:**

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

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

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

Operating Income	\$ 9,354	0.1%	Positive Variance
Operating Expenditure	\$1,076,131	8.6%	Positive Variance
Net Operating	\$1,085,485	3.3%	Positive Variance
Capital Expenditure	\$4,977,683	73.1%	Positive Variance
Capital Revenue	\$12,811	10.6%	Negative Variance
Closing Surplus /(deficit)	\$6,044,559		
Cash at Bank - Municipal	\$22,645,922		
Cash at Bank – Reserve	\$23,922,686		
Total Funds Invested	\$37,352,270		
Net Rates Collected	58.41%		
Receivables Outstanding	\$1,893,076		

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 August financials shows a positive variance of \$1,085,485 in the net operating result. The closing funding surplus is \$6,044,559 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.

**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: Inclusive civic and community engagement and leadership

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.

**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 August 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 August 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 August 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. ADOPT the August 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 August 2013**

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

	Budget	YTD Budget Estimated	YTD Actual	Variances		
				\$	%	
<b>Operating Income</b>						
Rates	37,847,428	37,455,775	37,461,979	(6,204)	0.0%	✓
Grants & Subsidies, Contributions	10,026,917	835,576	783,068	52,508	6.3%	✗
Fees & Charges	17,417,497	6,452,719	6,511,896	(59,177)	-0.9%	✓
Interest Earnings	1,758,513	159,778	162,782	(3,004)	-1.9%	✓
Other	2,029,625	338,271	330,456	7,815	2.3%	✗
Profit On Disposal Of Assets	578,807	96,468	97,760	(1,292)	-1.3%	✓
	<b>69,658,787</b>	<b>45,338,587</b>	<b>45,347,941</b>	<b>(9,354)</b>	<b>0.0%</b>	<b>✓</b>
<b>Operating Expenditure</b>						
Employee Costs	(28,395,045)	(5,446,631)	(4,887,102)	(559,529)	10.3%	✓
Materials & Contractors	(35,704,720)	(2,975,393)	(2,640,362)	(335,031)	11.3%	✓
Utility & Govt Charges	(3,185,325)	(530,888)	(472,516)	(58,372)	11.0%	✓
Insurance	(971,360)	(242,840)	(262,474)	19,634	-8.1%	✗
Interest/Borrowing Costs	(842,202)	(121,017)	(109,306)	(11,711)	9.7%	✓
Others	(714,385)	(118,894)	(77,344)	(41,550)	34.9%	✓
Depreciation On Assets	(18,042,064)	(3,006,884)	(3,000,000)	(6,884)	0.2%	✓
Contributions, Donations & Grants	(1,230,420)	(117,938)	(46,036)	(71,902)	61.0%	✓
Loss On Disposal Of Assets	(209,720)	(10,786)	0	(10,786)	100.0%	✓
	<b>(89,295,241)</b>	<b>(12,571,271)</b>	<b>(11,495,140)</b>	<b>(1,076,131)</b>	<b>8.6%</b>	<b>✓</b>
<b>NET OPERATING</b>	<b>(19,636,454)</b>	<b>32,767,316</b>	<b>33,852,801</b>	<b>(1,085,485)</b>	<b>-3.3%</b>	<b>✓</b>
<b>Non-Cash Expenditure and Revenue</b>						
(Profit) / Loss on Asset Disposals	(369,087)	(61,515)	(97,760)	36,246	-58.9%	✗
Depreciation on Assets	18,042,064	3,006,884	3,000,000	6,884	0.2%	✗
	<b>17,672,977</b>	<b>2,945,370</b>	<b>2,902,240</b>	<b>43,130</b>	<b>1.5%</b>	<b>✗</b>
<b>Capital Expenditure</b>						
Purchase Buildings	(11,049,500)	(1,722,886)	(668,145)	(1,054,741)	61.2%	✓
Purchase Plant and Equipment	(2,597,000)	(424,484)	(8,611)	(415,873)	98.0%	✓
Purchase Furniture and Equipment	(832,500)	(117,080)	(18,986)	(98,094)	83.8%	✓
Purchase Infrastructure Assets - Roads	(46,846,900)	(3,903,908)	(644,184)	(3,259,724)	83.5%	✓
Purchase Infrastructure Assets - Parks	(3,489,782)	(290,815)	(132,089)	(158,726)	54.6%	✓
Purchase Infrastructure Assets - Meru	0	0	0	0		✗
Repayment of Debentures	(3,089,287)	(347,792)	(357,268)	9,476	-2.7%	✗
Self Supporting / Council Loans paid out	0	0	0	0		✗
	<b>(67,904,969)</b>	<b>(6,806,966)</b>	<b>(1,829,283)</b>	<b>(4,977,683)</b>	<b>73.1%</b>	<b>✓</b>
<b>Capital Revenue</b>						
Proceeds from Disposal of Assets	4,636,000	110,162	97,760	12,402	11.3%	✗
Proceeds from New Debentures	21,030,000	0	0	0		✗
Self-Supporting Loan Principal Income	92,124	10,962	10,553	409	3.7%	✗
Council Loan Principal Income	0	0	0	0		✗
	<b>25,758,124</b>	<b>121,124</b>	<b>108,313</b>	<b>12,811</b>	<b>10.6%</b>	<b>✗</b>
<b>Reserves</b>						
Transfers to Reserves	(448,000)	(74,664)	(37,332)	(37,332)	50.0%	✓
Transfers from Reserves	17,522,469	0	0	0		✗
	<b>17,074,469</b>	<b>(74,664)</b>	<b>(37,332)</b>	<b>(37,332)</b>	<b>50.0%</b>	<b>✓</b>
<b>Current Funding Surplus (Deficit)</b>	<b>(27,035,853)</b>	<b>28,952,180</b>	<b>34,996,739</b>	<b>(6,044,559)</b>	<b>-20.9%</b>	<b>✓</b>

## NOTE 1. MAJOR VARIANCES

### Operating Income

Operating Income is showing a slight negative variance of \$9,354 or 0.02% due to the following:

Grants & Subsidies – The negative variance of \$52,508 or 6.3% is due to timing difference in the receipting of several grants.

Fees and Charges – The positive variance of \$ 59,177 or 0.9% is due to higher takings in Meru landfill.

### Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$1,076,131 or 8.6% due to the following:

Employee Costs - The positive variance of \$559,529 or 10.3% is due to a small number of vacancies and the allocation of salary oncosts including training.

Materials and Contractors - The positive variance of \$ 335,031 or 11.3% is due to projects being in the early stage of planning.

Utility Charges - The positive variance of \$58,372 or 11.0% is due to a lower energy consumed for the period.

Contributions, Donations and Grants - The positive variance of \$71,902 is due to timing of awarding of grants.

### Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$4,977,683 or 73.1% due to the following:

Purchase of Buildings – The positive variance of \$1,054,741 or 61.2% is associated with the timing of the projects.

Purchase of Plant and Equipment – The positive variance of \$415,873 or 98.0% is associated with a later than usual order of plant and equipment.

Purchase of Furniture and Equipment – The positive variance of \$98,094 or 83.8% is associated with a less than expected order of furniture and equipment.

Purchase of Infrastructure Assets – Roads - The positive variance of \$3,259,724 or 83.5% is associated with the timing of certain projects being just past the stage of development.

Purchase of Infrastructure Assets – Parks - The positive variance of \$158,726 or 54.6% is associated with the timing of certain projects being just past the stage of development.

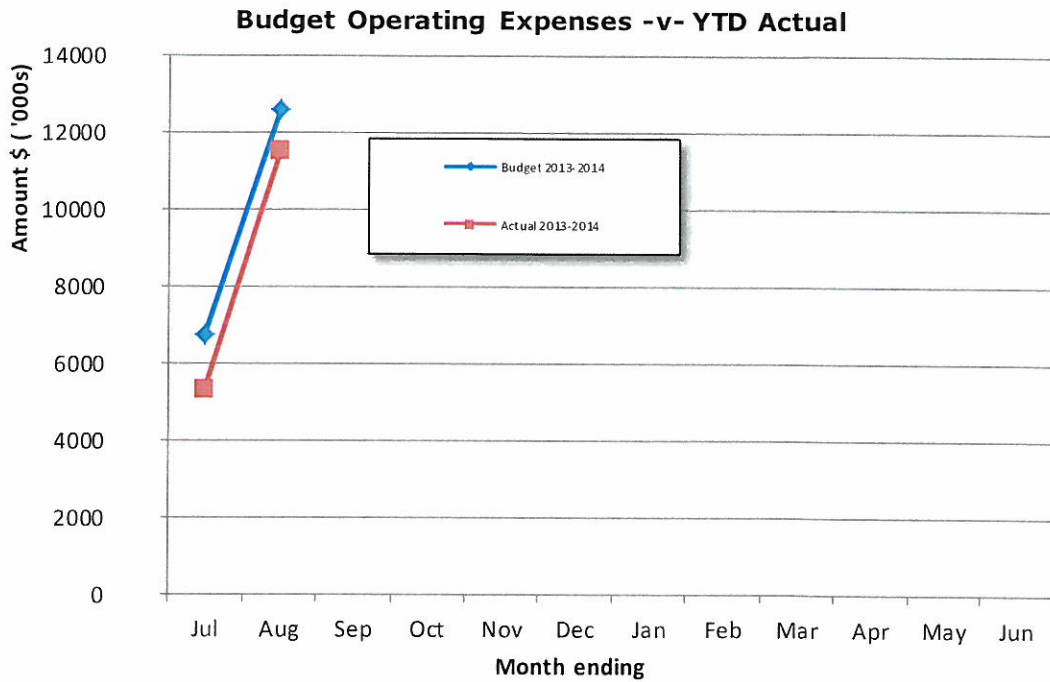
### Capital Revenue

Capital revenue is showing a slight positive net variance of \$12,811 or 10.6% with no significant variance.



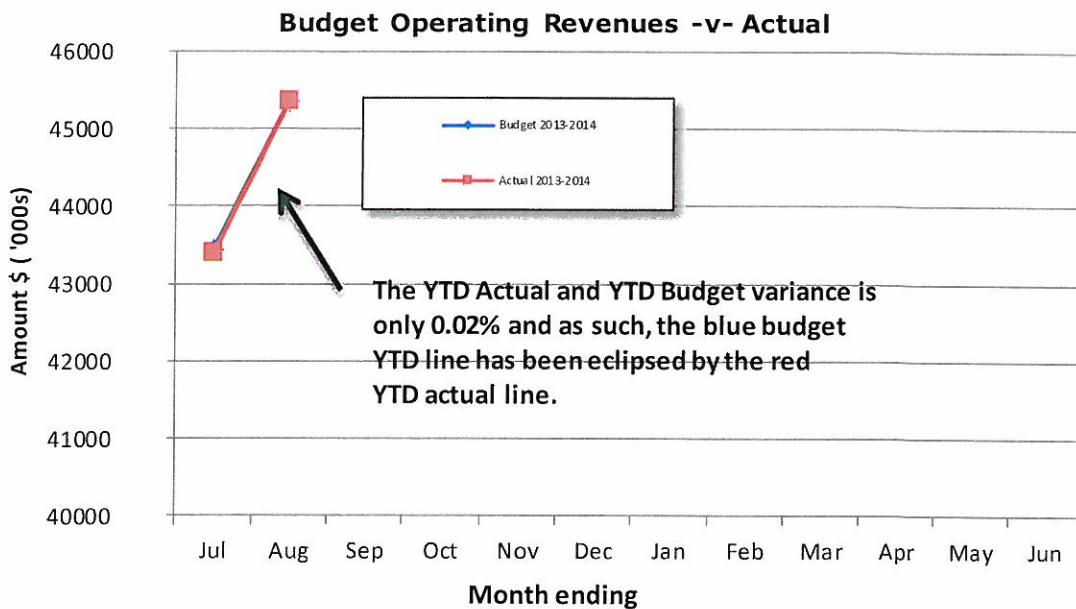
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st August 2013**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Operating Expenses**

Operating expenditure recorded as at 31 August is \$11,495,140. Major positive variances include materials & contracts, utility and employee costs.

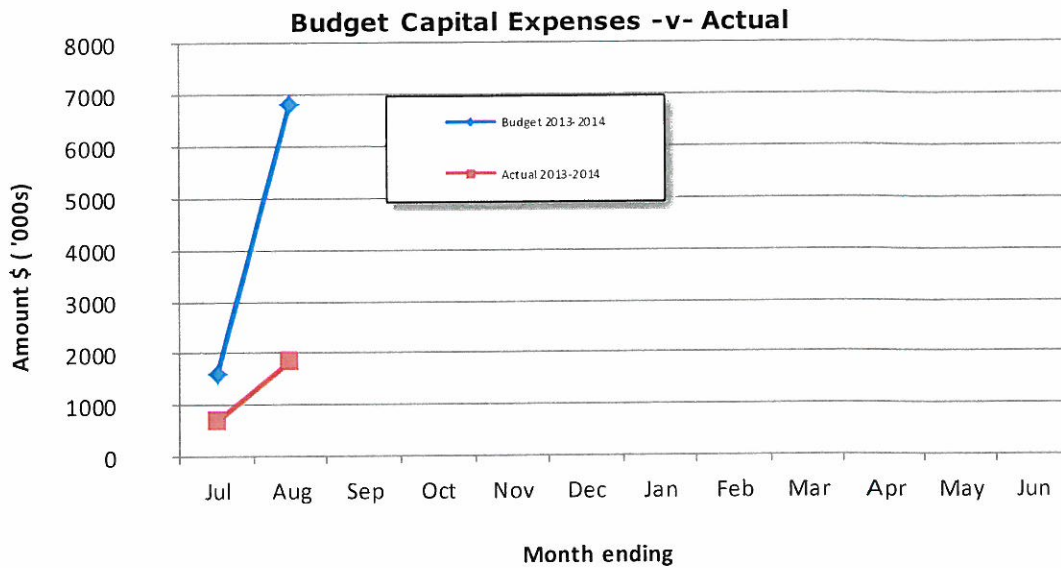


**Comments/Notes - Operating Revenues**

Operating income recorded as at 31 August is \$45,347,941. Major positive variances in fees & charges and negative variance in grants & subsidies.

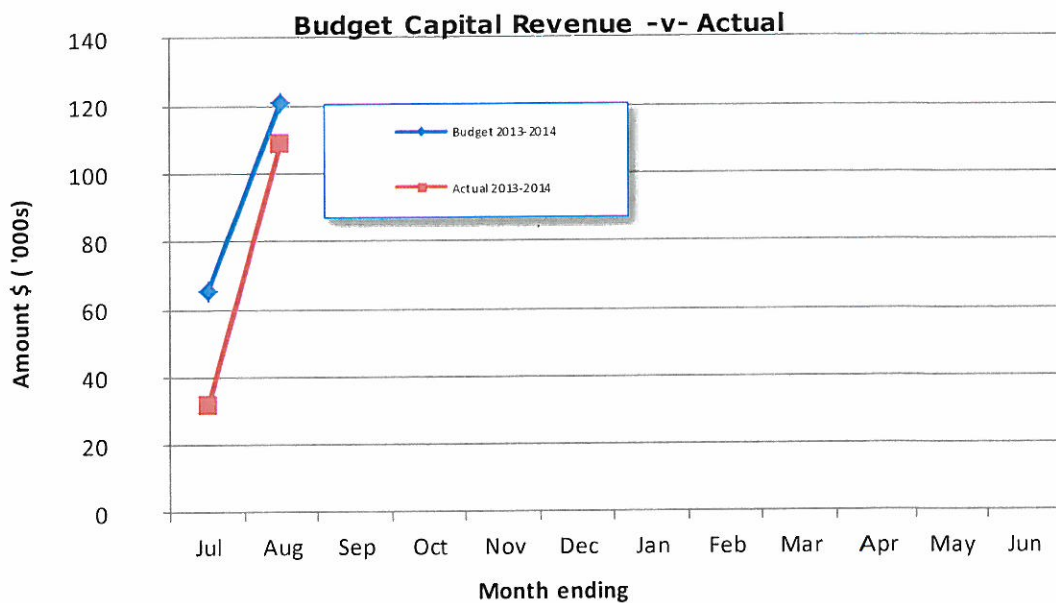
**City of Greater Geraldton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st August 2013**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Capital Expenses**

Capital expenditure recorded as at 31 August is \$1,829,283. Major variances include purchase of buildings, plant & equipment, furniture, roads and parks.



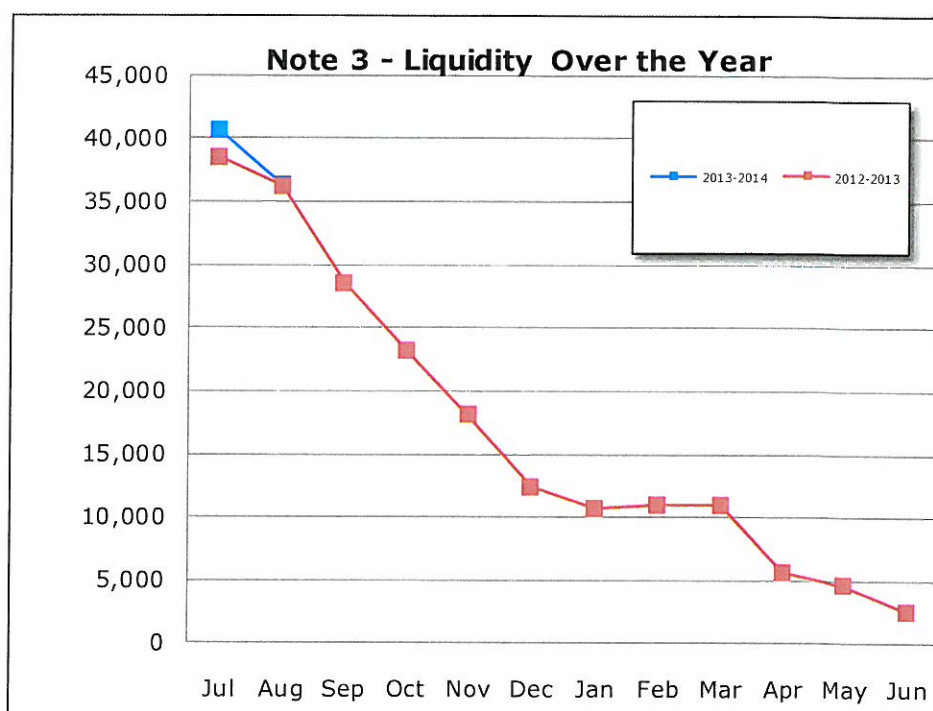
**Comments/Notes - Capital Revenues**

Capital revenue recorded as at 31 August is \$108,313. There are no major variances.

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

**Note 3: NET CURRENT FUNDING POSITION**

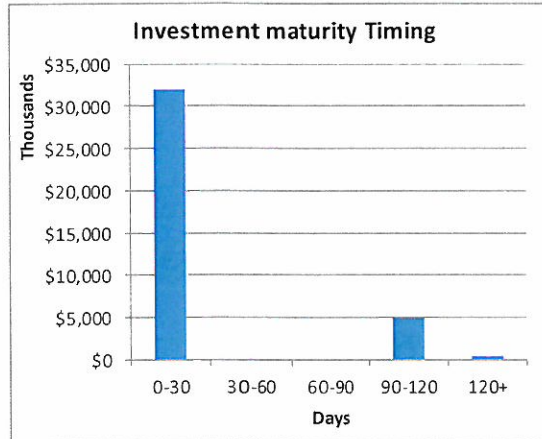
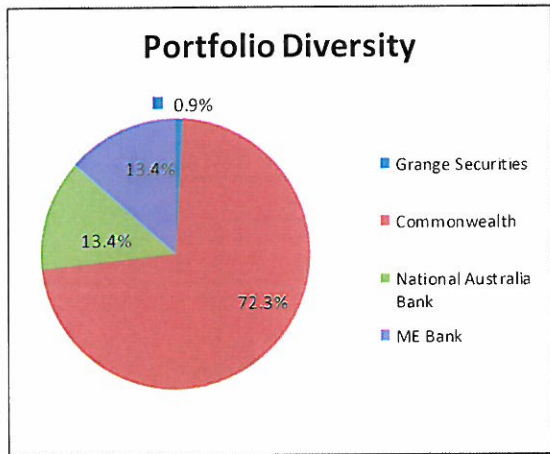
	Positive=Surplus (Negative=Deficit)		
	2013-2014		2012-2013
	This Period	Last Period	This Period
	\$	\$	
<b>Current Assets</b>			
Cash at Bank			
Municipal Account	22,645,922	5,303,496	21,923,449
Reserve Account	23,922,686	23,922,686	23,683,022
Restricted Assets	825,463	825,463	3,175,923
Total Cash at Bank	47,394,071	30,051,644	48,782,394
Receivables			
Prepayments	126,327	140,363	211,279
Tax Recoverable	376,533	149,835	174,713
Sundry Debtors	1,890,312	2,733,652	2,418,763
Rates Receivable	17,147,571	39,604,145	17,665,711
Inventories	301,861	246,918	321,208
<b>Total Current Assets</b>	67,236,675	72,926,558	69,574,067
<b>Less: Current Liabilities</b>			
Creditors and Provisions	963,435	1,493,040	535,035
Current Borrowings	1,709,806	2,566,696	2,457,198
Employee Entitlements	4,376,892	4,364,332	3,585,958
	7,050,133	8,424,068	6,578,190
Less: Cash Restricted	(23,922,686)	(23,922,686)	(26,858,945)
<b>Net Current Funding Position</b>	<b>36,263,856</b>	<b>40,579,804</b>	<b>36,136,931</b>



City of Greater Geraldton  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31/08/2013

**Note 4 - Monthly Investment Report**

Deposit Ref	Current Credit Rating	Maturity/ Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @31/08/2013	Percentage of Portfolio
<b>Grange Securities</b>							
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	-	-	
<b>Subtotal</b>				<b>1,450,000</b>	<b>-</b>	<b>354,500</b>	<b>0.9%</b>
** 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.							
<b>Commonwealth</b>							
Reserve	AA2	27/9/2013	3.42%	23,922,686	75,084	23,997,770	
Municipal	AA2	10/9/2013	3.45%	3,000,000		3,000,000	
<b>Subtotal</b>				<b>26,922,686</b>	<b>75,084</b>	<b>26,997,770</b>	<b>72.3%</b>
<b>National Australia Bank</b>							
Municipal 238	AA2	21/9/2013	3.93%	5,000,000	-	5,000,000	
<b>Subtotal</b>				<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>13.4%</b>
<b>ME Bank</b>							
Municipal 240	A3	27/12/2013	3.95%	5,000,000	-	5,000,000	
<b>Subtotal</b>				<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>13.4%</b>
<b>Total Funds Invested</b>				<b>38,372,686</b>	<b>75,084</b>	<b>37,352,270</b>	<b>100.0%</b>



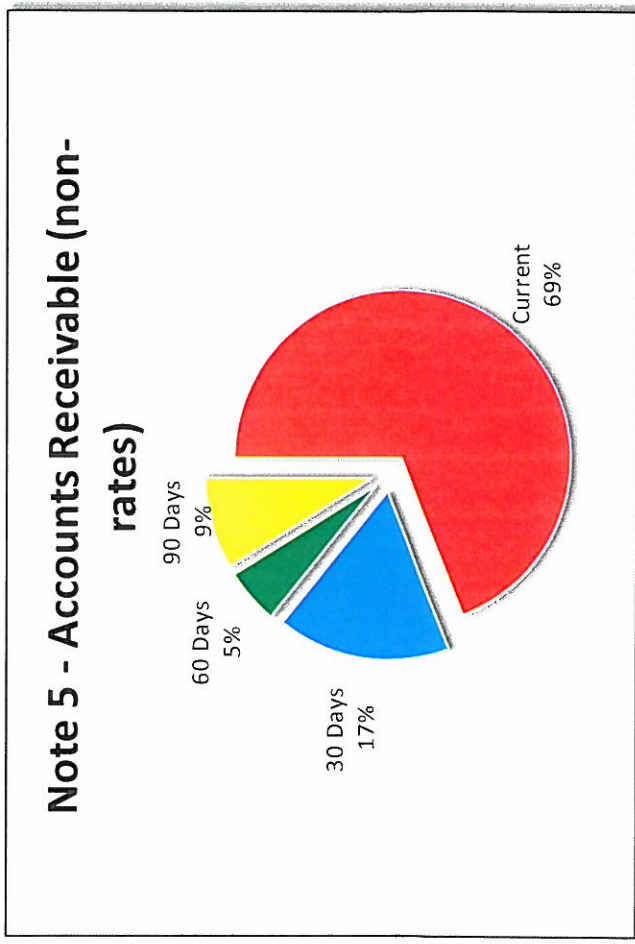
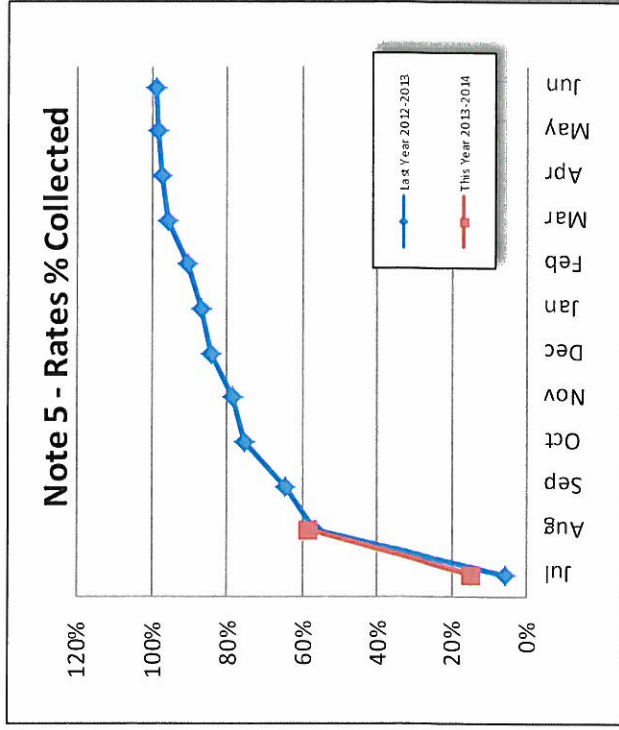
City of Greater Geraldton  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31st August 2013

**Note 5 : RECEIVABLES**

**Receivables - Rates and Rubbish**

Opening Arrears Previous Years	\$ (1,742,000)
Rates Levied this year	(43,904,595)
Less Collections to date	(25,643,653)
Equals Current Outstanding	<b>(20,002,942)</b>
<i>Comprises of Current Amt:</i>	<i>(19,771,555)</i>
<i>Deferred Amt:</i>	<i>(231,387)</i>
<b>Net Rates Collectable</b>	
% Collected	58.41%

Receivables - General	Current	30 Days	60 Days	90 Days
	\$ 1,307,811	\$ 317,434	\$ 100,522	\$ 167,309
<b>Total Outstanding</b>				<b>1,893,076</b>
General	1,017,346	53.7%		
Airport	582,045	30.7%		
Meru	293,685	15.5%		
	<b>1,893,076</b>	<b>100%</b>		



**Comments/Notes - Receivables Rates and Rubbish**

Rate collections is 58.41% of total rates billed in August post 1st instalment date of 23/08/2013. 2<sup>nd</sup> instalment due 23/10/2013.

**Comments/Notes - Receivables General**

Major debtors in August include, \$335k Virgin Australia, \$219k Department of RET, \$161k Qantaslink, \$ 115k Veolia

