

TF070 STATEMENT OF FINANCIAL ACTIVITY TO 31 MAY 2013

AGENDA REFERENCE:	D-13- 40581
AUTHOR:	K Chua, Manager Financial Services
EXECUTIVE:	B Davis, Director of Treasury & Finance
DATE OF REPORT:	7 June, 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 31 May 2013.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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

Operating Income	\$ 138,097	0.2%	Positive Variance
Operating Expenditure	\$1,590,722	2.5%	Positive Variance
Net Operating	\$1,728,819	46.3%	Positive Variance
Capital Expenditure	\$5,175,117	15.2%	Positive Variance
Capital Revenue	\$5,027	0.1%	Positive Variance
Closing Surplus /(deficit)	\$5,981,525		
Cash at Bank - Municipal	\$4,804,055		
Cash at Bank – Reserve	\$24,413,956		
Total Funds Invested	\$22,763,246		
Net Rates Collected	98.67%		
Receivables Outstanding	\$2,086,106		

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 May financials shows a positive variance of \$1,728,819 in the net operating result. The closing funding surplus is \$5,981,525 and is due to the under-spend associated with materials and contractors. Additionally, Capital expenditure is understated due to the delay associated with commencing and completing infrastructural works, purchases of buildings, furniture & equipment 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:

Community Aspiration 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 May 2013 monthly financial activity statement as attached;
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 May 2013 monthly financial activity statement as attached; and
2. MAKES the determination based on the following reason:
 - a. To be determined by Council.

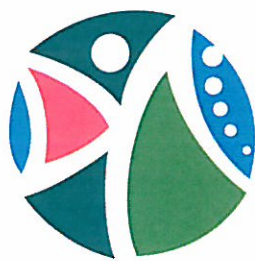
CONCLUSIONS

The financial activity statement to 31 May 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 May 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 May 2013

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

	Budget Reviewed	YTD Budget Estimated	YTD Actual	Variances		
				\$	%	
Operating Income						
Rates	36,963,892	36,933,680	36,870,940	62,740	0.2%	×
Grants & Subsidies, Contributions	23,776,526	13,279,568	12,575,375	704,193	5.3%	×
Fees & Charges	16,796,081	15,417,088	16,280,794	(863,706)	-5.6%	✓
Interest Earnings	2,059,060	1,833,232	1,829,069	4,163	0.2%	×
Other	1,353,083	1,098,186	1,143,673	(45,487)	-4.1%	✓
Profit On Disposal Of Assets	6,594	0	0	0		×
	80,955,236	68,561,754	68,699,851	(138,097)	-0.2%	✓
Operating Expenditure						
Employee Costs	(26,587,387)	(24,133,167)	(24,198,552)	65,385	-0.3%	×
Materials & Contractors	(36,306,969)	(18,153,485)	(16,530,416)	(1,623,069)	8.9%	✓
Utility & Govt Charges	(2,916,827)	(2,699,901)	(2,676,864)	(23,037)	0.9%	✓
Insurance	(931,365)	(908,162)	(905,595)	(2,567)	0.3%	✓
Interest/Borrowing Costs	(967,595)	(485,798)	(476,758)	(9,040)	1.9%	✓
Others	(2,560,268)	(1,888,523)	(1,933,522)	44,999	-2.4%	×
Depreciation On Assets	(18,064,508)	(16,558,421)	(16,515,028)	(43,393)	0.3%	✓
Loss On Disposal Of Assets	(40,000)	(0)	0	(0)	100.0%	✓
	(88,374,919)	(64,827,457)	(63,236,735)	(1,590,722)	2.5%	✓
NET OPERATING	(7,419,683)	3,734,297	5,463,116	(1,728,819)	-46.3%	✓
Non-Cash Expenditure and Revenue						
(Profit) / Loss on Asset Disposals	33,406	0	0	0	100.0%	×
Depreciation on Assets	18,064,508	16,558,421	16,515,028	43,393	0.3%	×
	18,097,914	16,558,421	16,515,028	43,393	0.3%	×
Capital Expenditure						
Purchase Buildings	(14,663,022)	(6,720,552)	(6,347,961)	(372,591)	5.5%	✓
Purchase Plant and Equipment	(4,484,075)	(3,775,483)	(1,944,916)	(1,830,567)	48.5%	✓
Purchase Furniture and Equipment	(609,636)	(505,275)	(263,406)	(241,869)	47.9%	✓
Purchase Infrastructure Assets - Roads	(24,874,960)	(15,375,294)	(13,348,835)	(2,026,459)	13.2%	✓
Purchase Infrastructure Assets - Parks	(10,140,886)	(4,647,906)	(4,192,618)	(455,288)	9.8%	✓
Purchase Infrastructure Assets - Meru	0	0	0	0		×
Repayment of Debentures	(3,071,842)	(2,918,039)	(2,669,696)	(248,343)	8.5%	✓
Self Supporting / Council Loans paid out	0	0	0	0		×
	(57,844,421)	(33,942,549)	(28,767,432)	(5,175,117)	15.2%	✓
Capital Revenue						
Proceeds from Disposal of Assets	1,769,302	708,209	675,364	32,845	4.6%	×
Proceeds from New Debentures	23,458,000	5,082,567	5,100,000	(17,433)	-0.3%	✓
Self-Supporting Loan Principal Income	87,045	87,046	99,151	(12,105)	-13.9%	✓
Council Loan Principal Income	656,211	655,904	664,238	(8,334)	-1.3%	✓
	25,970,558	6,533,726	6,538,753	(5,027)	-0.1%	✓
Reserves						
Transfers to Reserves	(9,289,710)	(300,000)	0	(300,000)	100.0%	✓
Transfers from Reserves	31,502,632	8,528,828	7,344,784	1,184,044	13.9%	×
	22,212,922	8,228,828	7,344,784	884,044	10.7%	×
Current Funding Surplus (Deficit)	1,017,290	1,112,724	7,094,249	(5,981,525)	-537.6%	✓

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing positive variance of \$138,097 or 0.2% due to the following:

Fees and Charges is showing a positive variance of \$ 863,706 or 5.6% due to higher than budgeted income from Meru Tip.

Grants & Subsidies is showing a negative variance of \$704,193 or 5.3% due to a timing difference in the receipting of several grants.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$1,590,722 or 2.5% due to the following:

Materials and Contractors – Expenditure is showing a positive variance of \$ 1,623,069 or 8.9%. This is mainly due to delay in scheduled projects.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$5,175,117 or 15.2% due to the following:

Purchase of Plant & Equipment – The positive variance of \$1,830,567 or 48.5% is associated with the timing of the purchasing.

Purchase of Furniture & Equipment – The positive variance of \$241,869 or 47.9% is due late receipt of some invoices from the suppliers.

Purchase of Infrastructure Assets – Roads - The positive variance of \$2,026,459 or 13.2% is associated with the timing of certain projects being just past the stage of development. Progress payments are expected soon.

Purchase of Infrastructure Assets – Parks - The positive variance of \$455,288 or 9.8% is associated with the timing of projects.

The Department of Infrastructure will present to Council a Major Projects Monthly Report on the progress of each major project for the month ended 31 May 2013.

Repayment of Debentures – The positive variance of \$248,343 or 8.5% is associated with the timing of repayment of debentures.

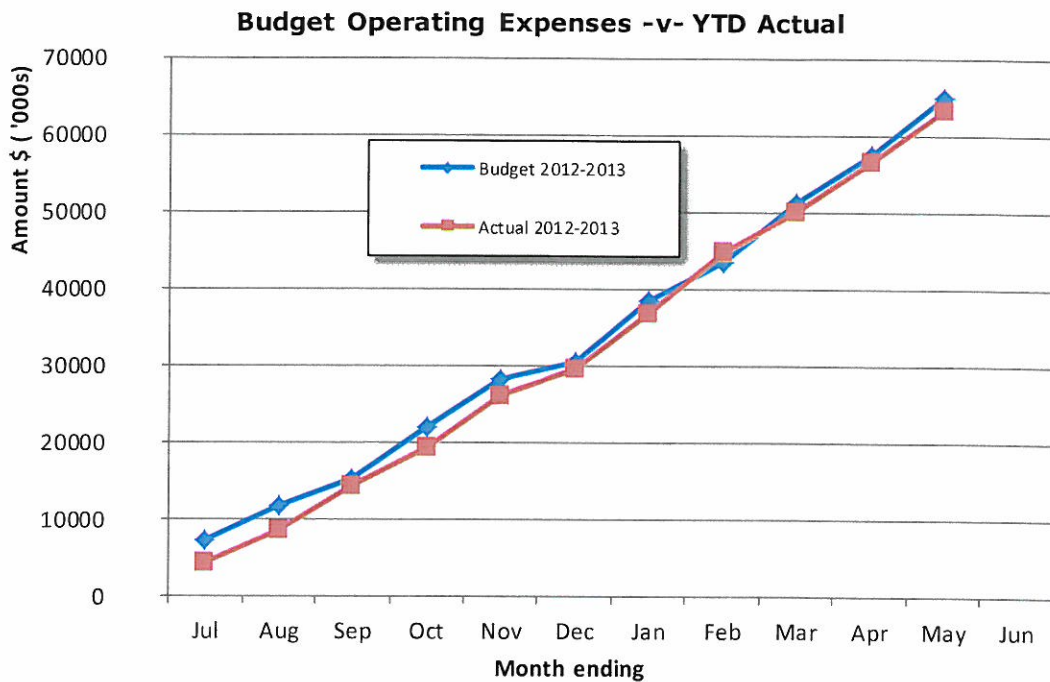
Capital Revenue

Capital revenue is showing a positive net variance of \$5,027 or 0.1%.

Reviewed Budget figures applied in current report.

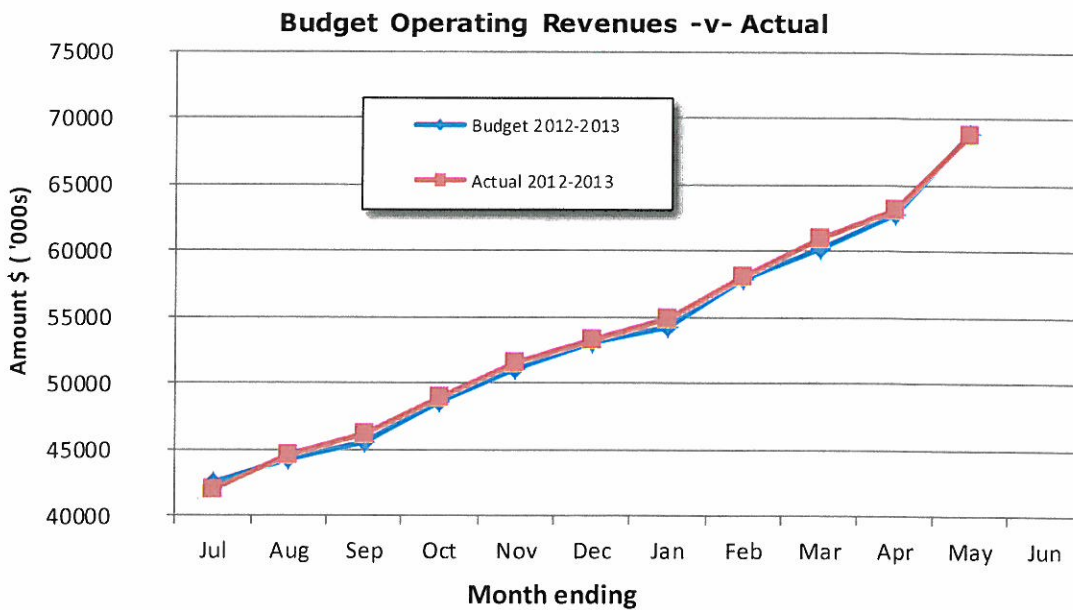
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st May 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Operating Expenses

Operating expenditure recorded as at 31 May is \$63,236,735. Major positive variances include materials & contracts.

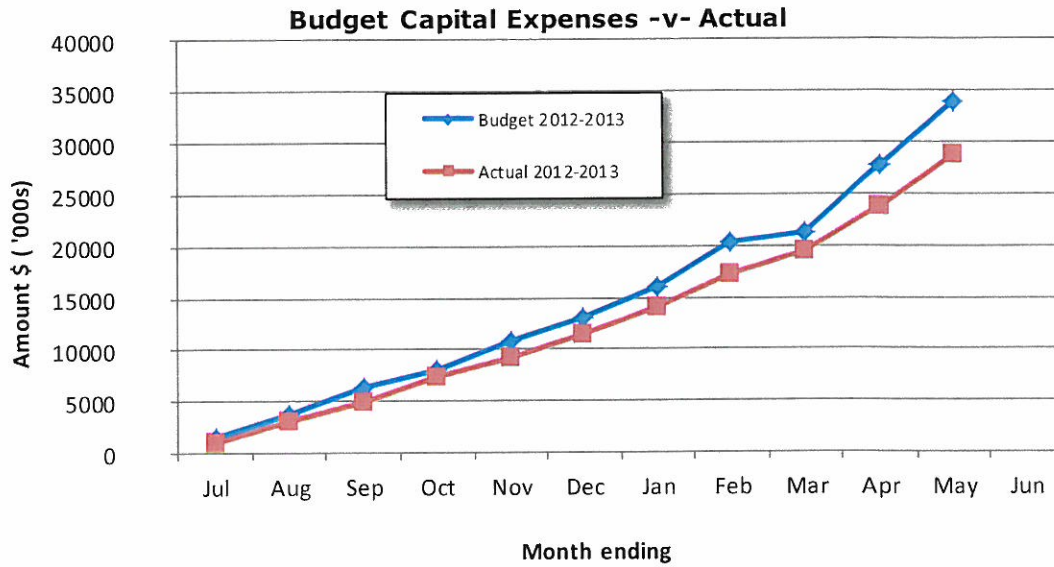


Comments/Notes - Operating Revenues

Operating income recorded as at 31 May is \$68,699,851. Major positive variance in fees & charges and a negative variance in grants & subsidies.

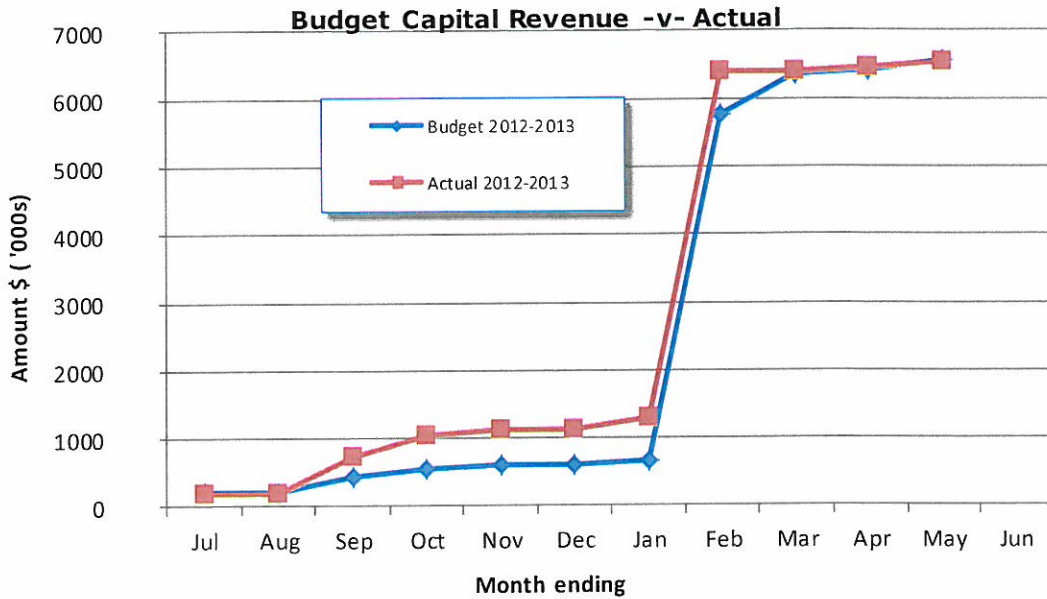
City of Greater Geraldton
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st May 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Capital Expenses

Capital expenditure recorded as at 31 May is \$28,767,432. Major variances include purchase of roads, parks, furniture and plant & equipment.



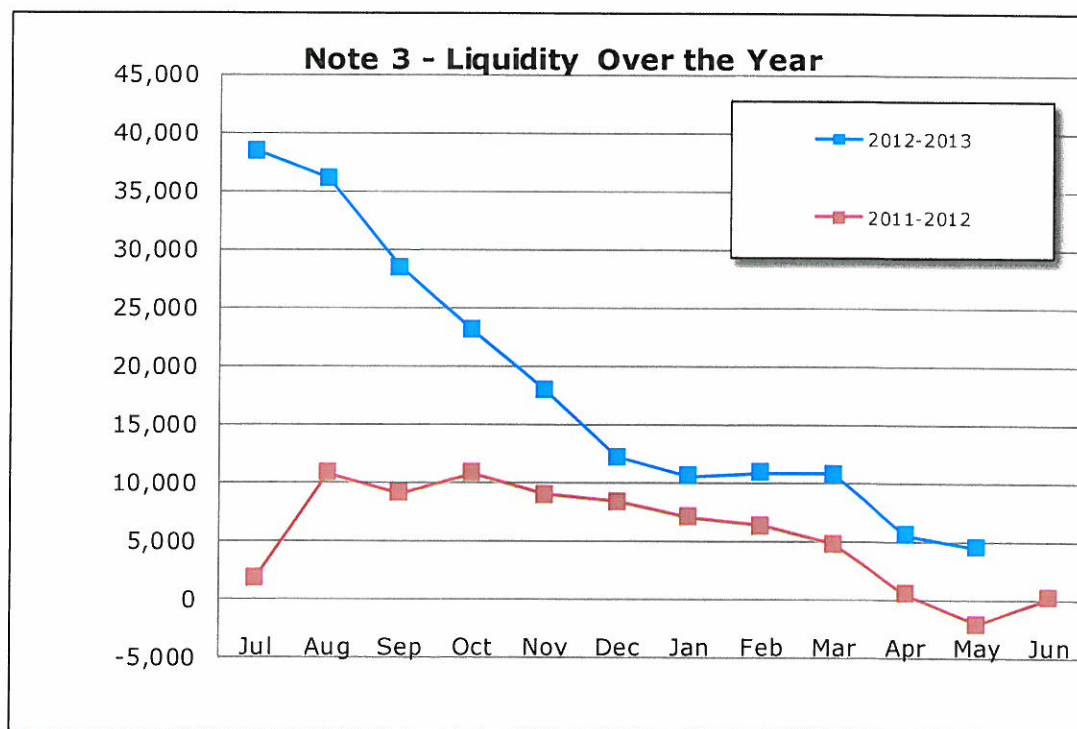
Comments/Notes - Capital Revenues

Capital revenue recorded as at 31 May is \$6,538,753. There are no major variances.

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

Note 3: NET CURRENT FUNDING POSITION

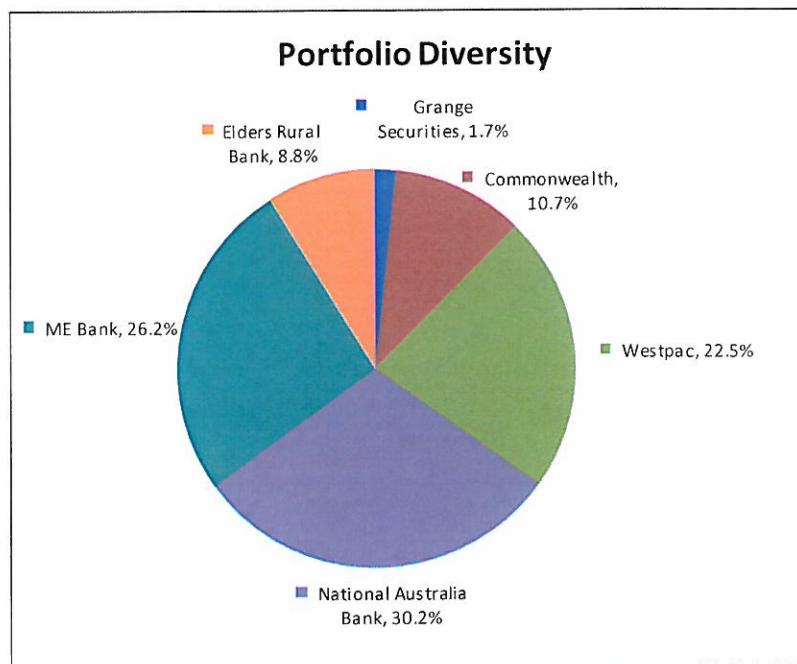
	Positive=Surplus (Negative=Deficit) 2012-2013	
	This Period	Last Period
Note	\$	\$
Current Assets		
Cash at Bank		
Municipal Account	4,804,055	7,303,592
Reserve Account	24,413,956	26,244,685
Restricted Assets	833,633	833,633
Total Cash at Bank	30,051,644	34,381,910
Receivables		
Prepayments	90,933	81,024
Tax Recoverable	24,503	461,898
Sundry Debtors	2,083,423	1,999,118
Rates Receivable	2,098,421	2,598,145
Inventories	326,825	361,543
Total Current Assets	34,675,749	39,883,638
Less: Current Liabilities		
Creditors and Provisions	1,262,393	2,894,059
Current Borrowings	549,532	1,213,497
Employee Entitlements	3,931,797	3,931,797
	5,743,722	8,039,353
Less: Cash Restricted	(24,413,956)	(26,244,685)
Net Current Funding Position	4,518,071	5,599,600



City of Greater Geraldton
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 31/05/2013

Note 4 - Monthly Investment Report

Deposit Ref	Current Credit Rating	Maturity/ Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @31/05/2013	Percentage of Portfolio
Grange Securities							
Kakadu	D	20/3/2014	4.78%	700,000	24,367	315,000	
Parkes AAA	D	20/6/2015	5.01%	250,000	4,703	67,500	
Scarborough AA Ac 21	N/R			500,000	-	-	
Subtotal				1,450,000	29,070	382,500	1.7%
** 26th February 2013 CGG received \$ 480,960 re Merimbula Dante notes which has a face value of \$ 500,000. ** 21st March 2013 CGG received \$348,658 re Helium Capital - Esperance notes which has a face value of \$500,000.							
Commonwealth							
Reserve 150	A1+	27/6/2013	2.81%	2,378,329	66,508	2,444,836	
Subtotal				2,378,329	66,508	2,444,836	10.7%
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	22.5%
National Australia Bank							
Reserve 162	A1+	27/6/2013	3.31%	4,000,000	115,642	4,115,642	
Reserve 163	A1+	27/6/2013	4.35%	2,683,022	65,327	2,748,349	
Subtotal				6,683,022	180,969	6,863,991	30.2%
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	26.2%
Elders Rural Bank							
Reserve 167	A2	27/6/2013	4.10%	2,000,000		2,000,000	
Subtotal				2,000,000	-	2,000,000	8.8%
Total Funds Invested				23,340,968	518,848	22,763,246	100.0%



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

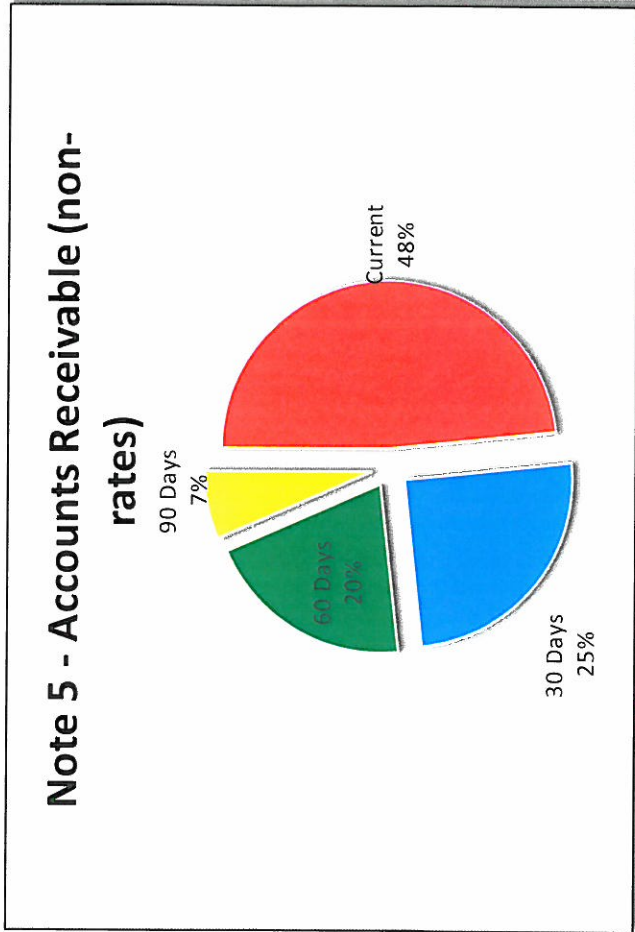
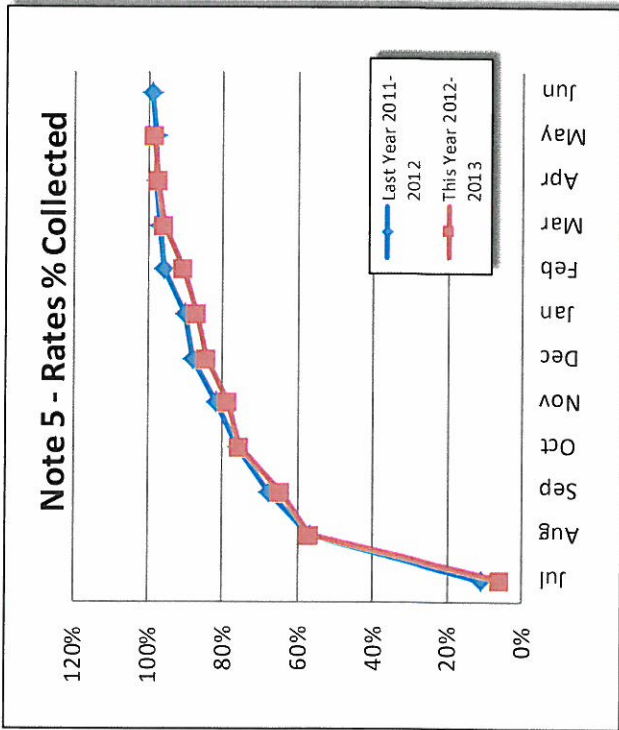
Note 5 : RECEIVABLES

Receivables - Rates and Rubbish

	Current 2012-2013
Opening Arrears Previous Years	\$ (1,389,940)
Rates Levied this year	(41,426,228)
Less Collections to date	(40,874,904)
Equals Current Outstanding	(1,941,265)
<i>Comprises of Current Amt:</i>	(1,709,877)
<i>Deferred Amt:</i>	(231,387)
Net Rates Collectable	
% Collected	98.67%

Receivables - General

	Current	30 Days	60 Days	90 Days
	\$ 1,007,013	\$ 521,364	\$ 420,888	\$ 136,841
Total Outstanding				2,086,106
General	1,037,990	49.8%		
Airport	665,242	31.9%		
Meru	382,874	18.4%		
	2,086,106	100%		



Comments/Notes - Receivables Rates and Rubbish

Rates collections are 98.67% of total rates billed in May after the fourth and last instalment.

Comments/Notes - Receivables General

Major debtors in May include: \$330k Mt Gibson Mining, \$307 SkyWest, \$168k Dept. of Broadband, 145k Quantaslink, and \$129k Aeges Ltd.

