

TF063 STATEMENT OF FINANCIAL ACTIVITY TO 30 APRIL 2013

AGENDA REFERENCE:	D-13-31131
AUTHOR:	K Chua, Manager Financial Services
EXECUTIVE:	B Davis, Director of Treasury & Finance
DATE OF REPORT:	6 May, 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 April 2013.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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

Operating Income	\$362,365	0.6%	Positive Variance
Operating Expenditure	\$1,222,246	2.1%	Positive Variance
Net Operating	\$1,584,611	30.1%	Positive Variance
Capital Expenditure	\$4,125,952	14.8%	Positive Variance
Capital Revenue	\$17,408	0.3%	Positive Variance
Closing Surplus /(deficit)	\$4,564,373	82.3%	Positive Variance
Cash at Bank - Municipal	\$7,303,592		
Cash at Bank – Reserve	\$26,244,685		
Total Funds Invested	\$24,765,355		
Net Rates Collected	97.44%		
Receivables Outstanding	\$2,001,174		

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 April financials shows a positive variance of \$1,584,611 in the net operating result. The closing funding surplus is \$4,564,373 and is due to the under-spend associated with materials and contractors, employee costs, interest 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 April 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 April 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 30 April 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 April 2013 monthly financial activity statement as attached; and
2. RECORD the statement of financial activity in the Minutes.



City of
Greater Geraldton
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MONTHLY FINANCIAL REPORT

For the Period Ended 30 April 2013

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

	Budget Revised	YTD Budget Estimated	YTD Actual	Variances		
				\$	%	
Operating Income						
Rates	36,963,692	36,903,472	36,656,085	47,387	0.1%	×
Grants & Subsidies, Contributions	23,776,526	9,268,307	8,566,820	701,467	7.6%	×
Fees & Charges	16,796,081	13,984,282	15,093,481	(1,109,199)	-7.9%	✓
Interest Earnings	2,059,060	1,715,618	1,763,555	(47,737)	-2.8%	✓
Other	1,353,083	931,592	665,895	45,697	4.9%	×
Profit On Disposal Of Assets	6,594	0	0	0		×
	80,955,236	62,803,471	63,165,636	(362,365)	-0.6%	✓
Operating Expenditure						
Employee Costs	(26,567,387)	(22,067,993)	(21,963,669)	(104,114)	0.5%	✓
Materials & Contractors	(36,306,969)	(15,127,904)	(14,362,192)	(765,712)	5.1%	✓
Utility & Govt Charges	(2,916,827)	(2,309,155)	(2,166,561)	(140,574)	6.1%	✓
Insurance	(931,365)	(916,070)	(905,595)	(10,475)	1.1%	✓
Interest/Borrowing Costs	(967,595)	(533,559)	(430,192)	(103,367)	19.4%	✓
Others	(2,560,266)	(1,534,166)	(1,465,148)	(49,020)	3.2%	✓
Depreciation On Assets	(18,064,508)	(15,038,610)	(14,969,625)	(48,985)	0.3%	✓
Loss On Disposal Of Assets	(40,000)	(0)	0	(0)	100.0%	✓
	(88,374,919)	(57,547,446)	(56,325,202)	(1,222,246)	2.1%	✓
NET OPERATING	(7,419,683)	5,256,023	6,640,634	(1,584,611)	-30.1%	✓
Non-Cash Expenditure and Revenue						
(Profit) / Loss on Asset Disposals	33,406	0	0	0	100.0%	×
Depreciation on Assets	18,064,508	15,038,610	14,969,625	48,985	0.3%	×
	18,097,914	15,038,610	14,969,625	48,985	0.3%	×
Capital Expenditure						
Purchase Buildings	(14,663,022)	(6,109,593)	(6,119,627)	10,035	-0.2%	×
Purchase Plant and Equipment	(4,484,075)	(3,067,070)	(1,669,333)	(1,167,737)	38.1%	✓
Purchase Furniture and Equipment	(609,636)	(400,933)	(199,731)	(201,202)	50.2%	✓
Purchase Infrastructure Assets - Roads	(24,674,660)	(11,676,204)	(10,477,799)	(1,398,405)	11.8%	✓
Purchase Infrastructure Assets - Parks	(10,140,666)	(4,225,369)	(3,042,371)	(1,182,998)	28.0%	✓
Purchase Infrastructure Assets - Meru	0	0	0	0		×
Repayment of Debentures	(3,071,842)	(2,111,375)	(1,925,731)	(185,644)	8.8%	✓
Self Supporting / Council Loans paid out	0	0	0	0		×
	(57,844,421)	(27,790,544)	(23,664,592)	(4,125,952)	14.8%	✓
Capital Revenue						
Proceeds from Disposal of Assets	1,769,302	569,767	576,906	12,661	2.2%	×
Proceeds from New Debentures	23,458,000	5,062,567	5,100,000	(17,433)	-0.3%	✓
Self-Supporting Loan Principal Income	67,045	67,045	91,267	(4,222)	-4.9%	✓
Council Loan Principal Income	656,211	655,624	664,236	(8,614)	-1.3%	✓
	25,970,558	6,415,003	6,432,411	(17,408)	-0.3%	✓
Reserves						
Transfers to Reserves	(9,289,710)	0	0	0		×
Transfers from Reserves	31,502,632	6,628,668	5,514,055	1,114,613	16.8%	×
	22,212,922	6,628,668	5,514,055	1,114,613	16.8%	×
Current Funding Surplus (Deficit)	1,017,290	5,547,760	10,112,133	(4,564,373)	-82.3%	✓

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing positive variance of \$362,365 or 0.6% due to the following:

Fees and Charges is showing a positive variance of \$1,109,199 or 7.9% due to higher than budgeted income from Meru Tip.

Grants & Subsidies is showing a negative variance of \$701,487 or 7.6% due to a timing difference in the receipting of several grants.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$1,222,246 or 2.1% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$104,114 or 0.5% which is associated with a small level of vacant positions.

Materials and Contractors – Expenditure is showing a positive variance of \$765,712 or 5.1%. This is mainly due to delay in scheduled projects.

Utility & Government Charges - Expenditure is showing a positive variance of \$140,574 or 6.1%. This is mainly due to a reduction in utilities consumed including the closure of Aquarena for maintenance works.

Interest/Borrowing Costs – Expenditure is showing a positive variance of \$103,367 or 19.4% due to a reduction in wholesale interest rates.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$4,125,952 or 14.8% due to the following:

Purchase of Plant & Equipment – The positive variance of \$1,167,737 or 38.1% is associated with the timing of the purchasing.

Purchase of Furniture & Equipment – The positive variance of \$201,202 or 50.2% is due late receipt of some invoices from the suppliers.

Purchase of Infrastructure Assets – Roads - The positive variance of \$1,398,405 or 11.8% 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 \$1,182,998 or 28.0% 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 30 April 2013.

Repayment of Debentures – The positive variance of \$185,644 or 8.8% is associated with the timing of repayment of debentures.

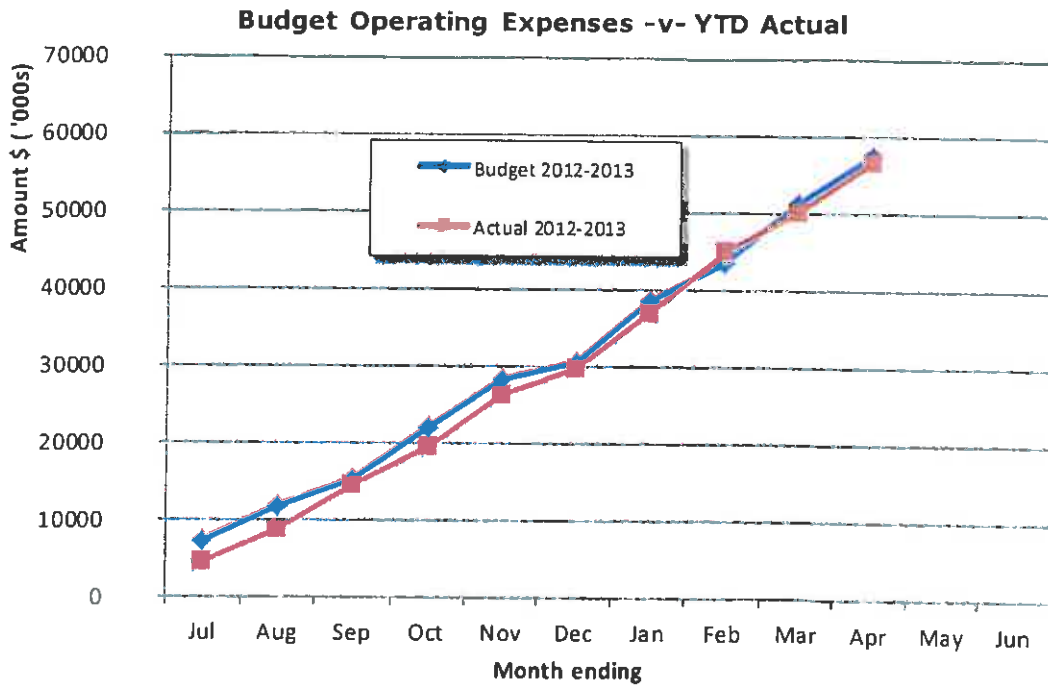
Capital Revenue

Capital revenue is showing a positive net variance of \$17,408 or 0.3%.

Reviewed Budget figures applied in current report.

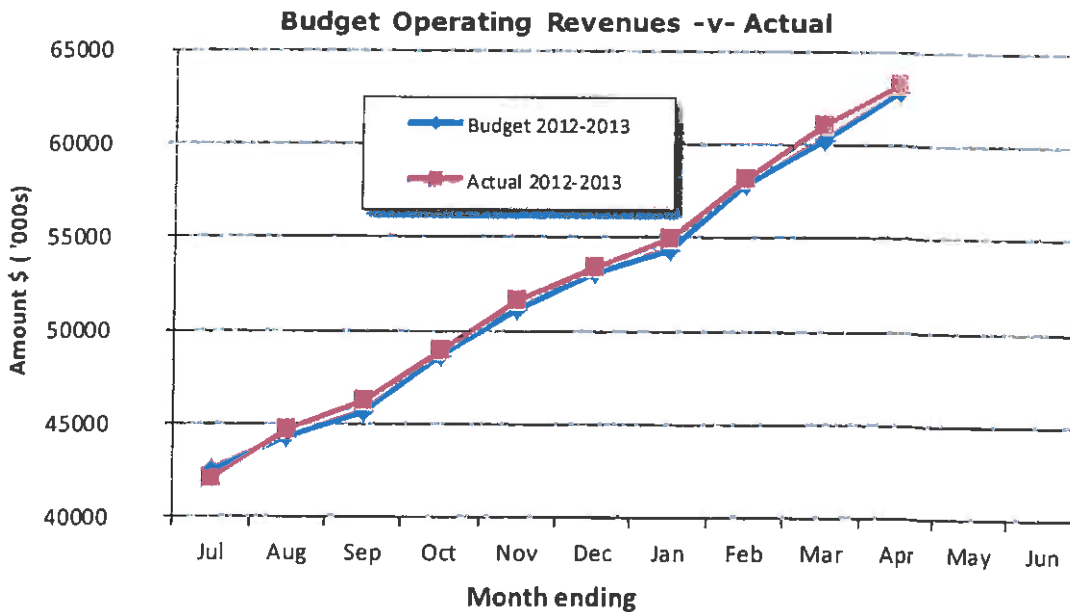
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th April 2013**

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Operating Expenses

Operating expenditure recorded as at 30 April is \$56,325,202. Major positive variances include employee costs, materials & contracts, utility charges and interest.

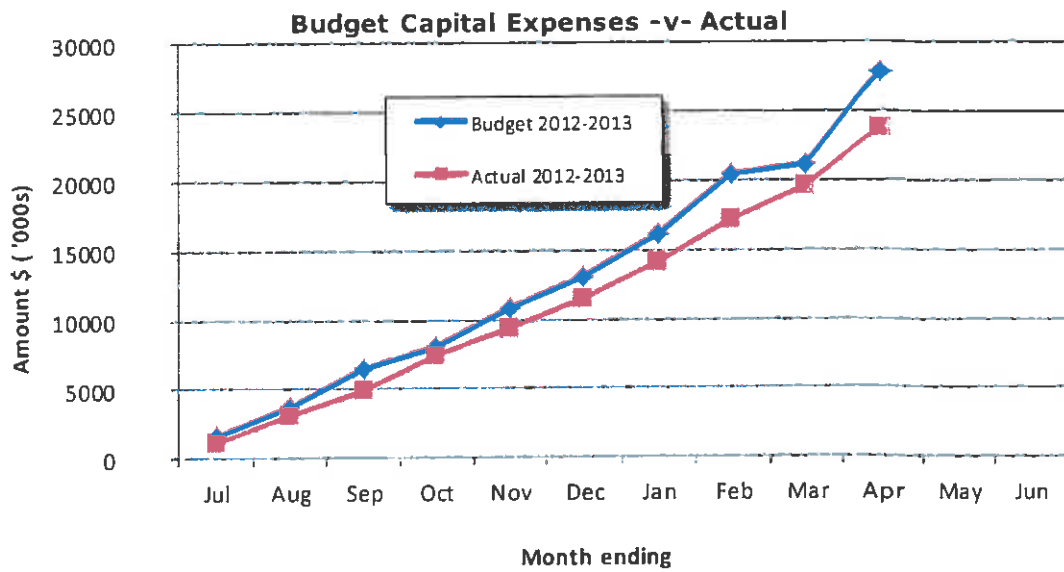


Comments/Notes - Operating Revenues

Operating income recorded as at 30 April is \$63,165,636. Major positive variance in fees & charges and a negative variance in grants & subsidies.

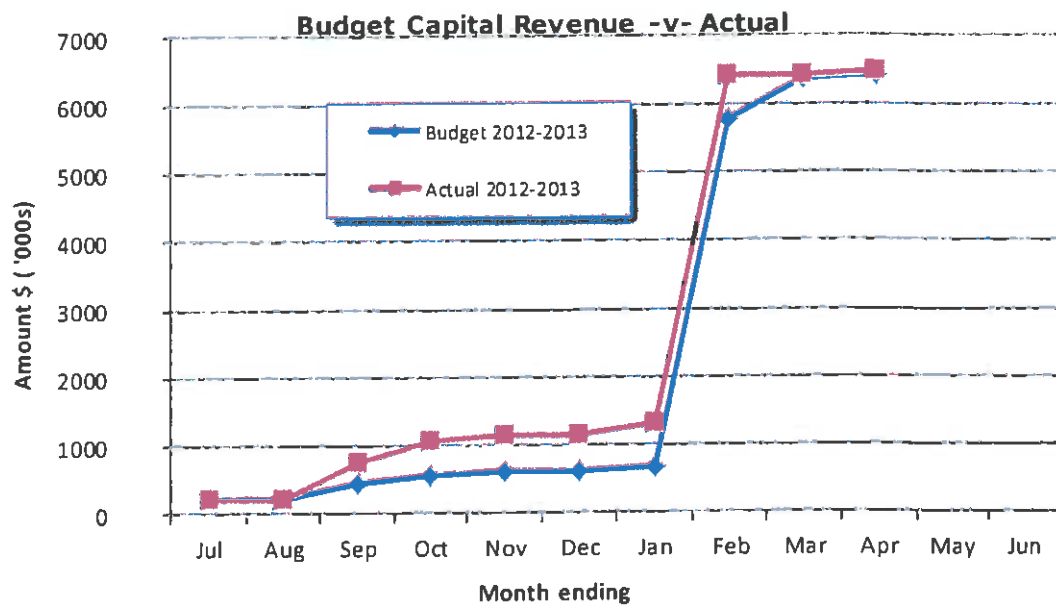
City of Greater Geraldton
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30th April 2013

Note 2 - Graphical Representation - Source Statement of Financial Activity



Comments/Notes - Capital Expenses

Capital expenditure recorded as at 30 April is \$23,664,592. Major variances include purchase of roads, parks, furniture and plant & equipment.



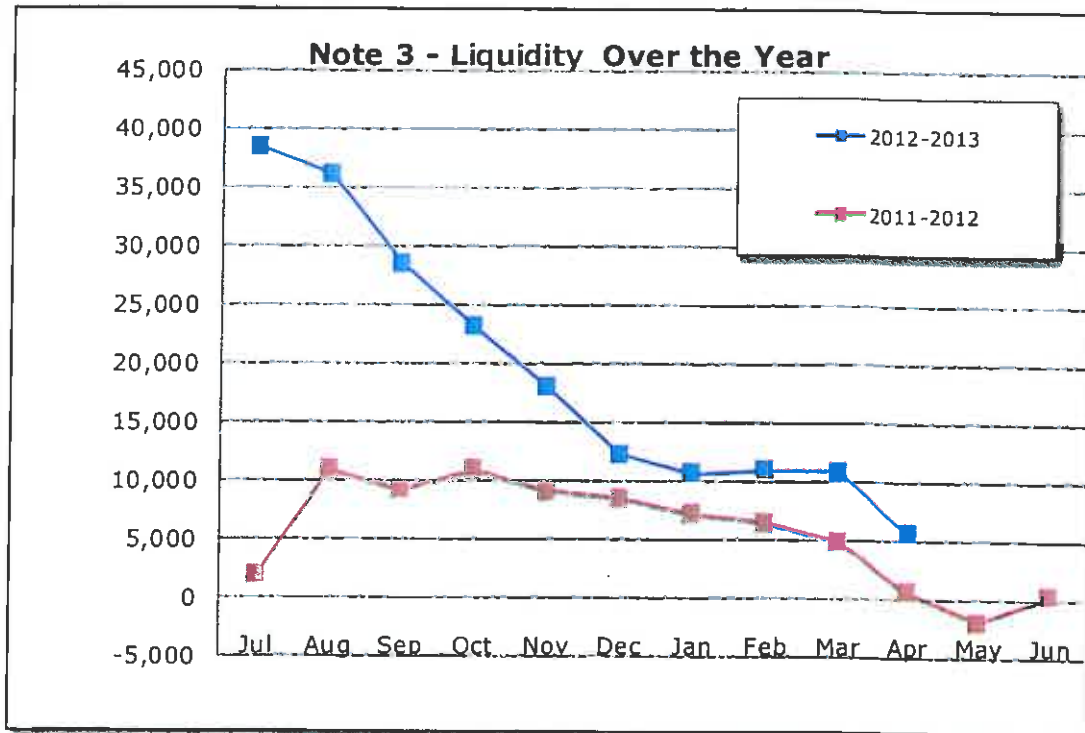
Comments/Notes - Capital Revenues

Capital revenue recorded as at 30 April is \$6,432,411. There are no major variances.

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

Note 3: NET CURRENT FUNDING POSITION

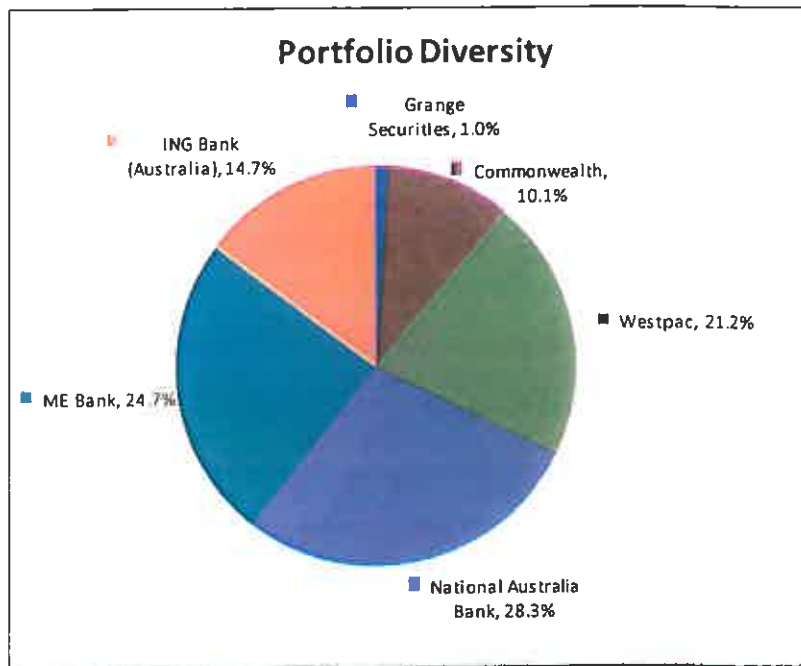
	Positive=Surplus (Negative=Deficit)	
	2012-2013	
	This Period	Last Period
	\$	\$
Current Assets		
Cash at Bank		
Municipal Account	7,303,592	11,321,834
Reserve Account	26,244,685	26,758,740
Restricted Assets	833,633	833,633
Total Cash at Bank	34,381,910	38,914,207
Receivables		
Prepayments	81,024	73,134
Tax Recoverable	461,896	271,045
Sundry Debtors	1,999,118	2,714,660
Rates Receivable	2,598,145	3,126,893
Inventories	361,543	316,684
Total Current Assets	39,883,638	45,416,623
Less: Current Liabilities		
Creditors and Provisions	2,894,059	1,568,935
Current Borrowings	1,213,497	1,454,254
Employee Entitlements	3,931,797	3,931,797
	8,039,353	6,954,986
Less: Cash Restricted	(26,244,685)	(27,592,373)
Net Current Funding Position	5,599,600	10,869,264



City of Greater Geraldton
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30/04/2013

Note 4 - Monthly Investment Report

Deposit Ref	Current Credit Rating	Maturity/Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @ 30/04/2013	Percentage of Portfolio
Grange Securities							
Kakadu	D	20/3/2014	4.78%	700,000	24,367	196,000	
Parkees AAA	D	20/6/2015	5.01%	250,000	4,703	40,000	
Scarborough AA Ac 21	N/R			500,000	-		
Subtotal				1,450,000	29,070	236,000	1.0%
** 26th February 2013 CGG was paid \$ 480,960 re Merimbula Dante notes which has a face value of \$ 500,000.							
** 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+	30/5/2013	3.96%	2,378,329	58,576	2,436,905	
Subtotal				2,378,329	58,576	2,436,905	10.1%
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	21.2%
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	28.3%
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	24.7%
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	14.7%
Total Funds Invested				24,765,355	585,880	24,108,165	100.0%



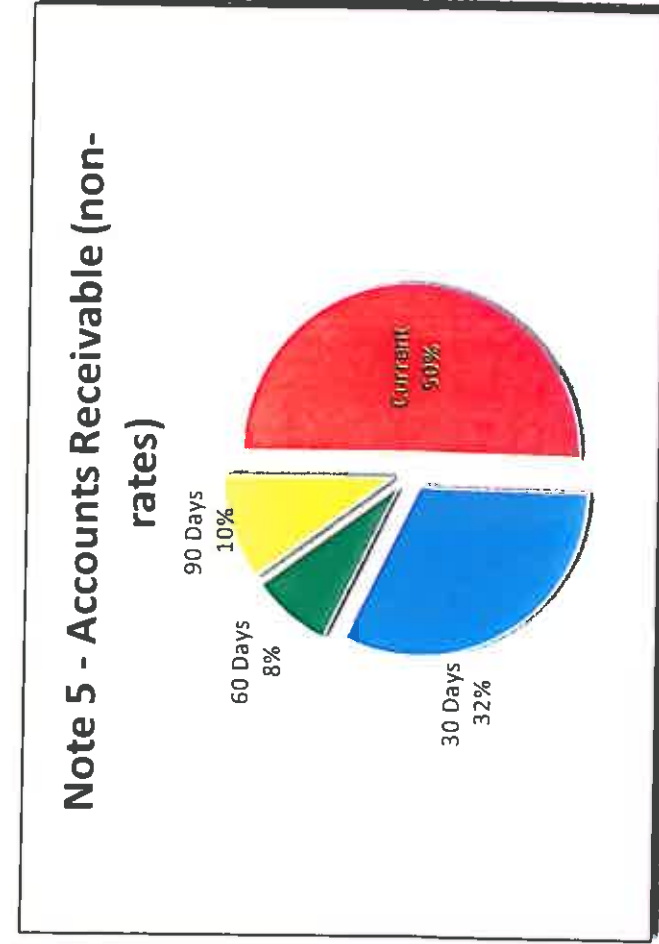
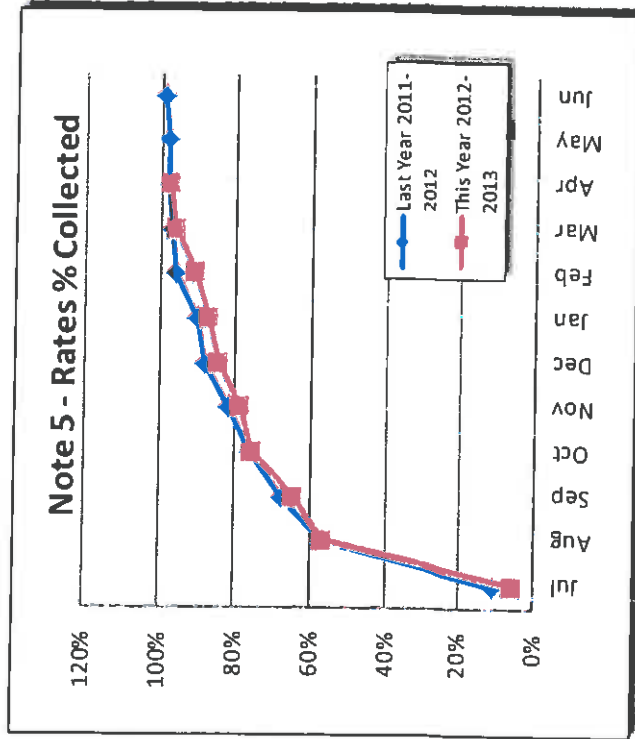
City of Greater Geraldton
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30th April 2013

Note 5 : RECEIVABLES

Receivables - Rates and Rubbish

Opening Arrears Previous Years	
Rates Levied this year	(1,389,940)
Less Collections to date	(41,384,443)
Equals Current Outstanding	(40,325,021)
Comprises of Current Amt:	(2,449,362)
Deferred Amt:	(2,217,975)
Net Rates Collectable	(231,387)
% Collected	97.44%

Receivables - General	Current	30 Days	60 Days	90 Days
	\$	\$	\$	\$
Total Outstanding	1,005,197	640,748	153,843	201,386
General	995,031			49.7%
Airport	696,448			34.8%
Meru	309,694			15.5%
	2,001,174			100%



Comments/Notes - Receivables Rates and Rubbish
 Rates collections are 97.44% of total rates billed in April after the fourth and last instalment.

Comments/Notes - Receivables: General
 Major debtors in April include \$414 SkyWest, \$330k Mt Gibson Mining, 138k Quantaslink, \$135k Dept. of Broadband and \$120k Water Corp.

TF062 Delegated Determinations – Applications for Lease Approvals

Document Reference	Applicant	Property	Proposed Action	Delegated Approval Date
D-12-60892	Pettet Family Supperanuation Fund	497 sqm hangar in the Northern Hangar precinct	Reassign Lease to Geraldton Air Charter Pty Ltd	12 /12/ 2012
D-13-06459	Apoulistic	Europcar Lease Gordon Garratt Drive Geraldton Airport	Vary the lease term from 25 years with option for 25 years - to 5 years with an option for 5 years. Reassign the lease from Apoulistic Pty Ltd to CLA trading Pty Ltd	19/02/2012
D-13-08444	Service Stream Pty Ltd	Reserve 50503 Dulchev Way Glenfield	Excise a 100sq metre portion of reserve 50503 Dulchev Way Glenfield with the intent to create a new reserve and lease the new reserve to Telstra Australia limited for the purpose of communications (NBN)	27/3/2013
D-13-27526	Phillip and Linda Thomas	Lot 17 Geraldton Mt Magnet Road	Renew Cropping Licence for twelve months.	22/04/2013

OFFICER'S RECOMMENDATION:

That the Schedules of delegated determinations for Lease Applications be received.

