



## AGENDA

### Victoria Daly Shire Finance Meeting

9:00AM TUESDAY 18<sup>TH</sup> JANUARY 2011

VICTORIA DALY SHIRE COUNCIL HEAD OFFICE, 14 KATHERINE TERRACE,  
KATHERINE

---

Present

Apologies

Disclosure of interest – Councillors and Staff

Confirmation of Minutes

*Finance - 16 November 2010* ..... 3

Call for Items of General Business

Reports to Committee

1 Finance Report Month Ending 31st December 2010 .....5

2 Acceptance by Council of the Indigenous Sport and Recreation Funding  
Agreements for 2010/2011 .....13

3 Sign off on Acquittals of various Special Purpose Grants.....14

General Business

Confidential



Minutes of the Finance Committee Teleconference, held at the Victoria Daly Shire Council Director's Office, 14 Katherine Terrace, Katherine on Tuesday, 16 November 2010 at 9:00am

---

**PRESENT:** Mr. Greg Arnott, Director of Corporate & Community Services  
Cr. King – Deputy Mayor  
Cr. Hennessy  
Mr. Dave Heron, Shire Services Manager, Wadeye – teleconference

**APOLOGIES:** Cr. Wilson - Mayor  
Ms. Sandra Cannon, Chief Executive Officer  
Cr. Dumoo

**ABSENT:**

**OFFICERS:** Mr. Paul Kent, Chief Financial Officer

**VISITORS:**

**DISCLOSURES OF INTEREST – COUNCILLORS AND STAFF**

There were no declarations of interest at this Finance meeting.

**CONFIRMATION OF MINUTES**

**Minutes of the Finance Committee held on 21 September 2010**

**RECOMMENDATION:**

That the minutes be taken as read and be accepted as a true record of the Meeting.

Moved: Cr. Hennessy  
Seconded: Mr. Arnott  
Resolution: Carried Unanimously

**CALL FOR ITEMS OF GENERAL BUSINESS**

- Loan

**REPORTS**

**1) Finance Report Month Ending 31st October 2010**

**Motion:**

That Council receives and notes the Finance Report for the period ending 31<sup>st</sup> October 2010.

Moved: Cr. Hennessy

Seconded: Mr. Heron  
Resolution: Carried Unanimously

## **2) Bank Account and Cheque Signatories**

### **Motion:**

That Council approve the following as signatories to the Bank Accounts and Cheques:

Paul Kent – Chief Finance Officer  
Chris Edlibi – Senior Finance Officer  
Donna Blazen – Senior Finance Officer

Moved: Cr. Hennessy  
Seconded: Mr. Heron  
Resolution: Carried Unanimously

## **GENERAL BUSINESS**

### **3 LOAN**

Update provided the Director of Corporate and Community Services.

Moved: Cr. Hennessy  
Seconded: Cr. King  
Resolution: Carried Unanimously

The meeting terminated at 9:28am.

This page and the preceding page are the minutes of the Meeting of Finance Committee held on Tuesday, 16 November 2010 and are to be confirmed on Tuesday, 18 January 2011.



## VICTORIA DALY SHIRE COUNCIL

### FOR THE MEETING OF FINANCE COMMITTEE OF 18 JANUARY 2011

#### Report for Agenda Item No 1

**Prepared by** Paul Kent, Chief Finance Officer

#### **Finance Report Month Ending 31st December 2010**

---

##### **Purpose**

To provide Council with the Shire's financial management, income, expenditure and debtors report for the period ending 31<sup>st</sup> December.

##### **Background**

The implementation of the remediated Tech One system remains positive, with high expectations now being placed on the ability to accurately enquire and report upon all 2009/2010 data entered into the remediated system with a high degree of accuracy.

The remediated finance system will ensure accuracy of data entry and retrieval for the entire 2010/11 financial year.

We continue to analyse existing system information, resulting in journaling and applying miscoded allocations against their correct cost centres. These misallocations occurred as a result of the work order system. This process remains a time consuming and detailed process, however will enable the printing of meaningful acquittal reports for the current financial year.

The data conversion for the 2008/09 financial year remains ongoing, which will enable the production of comparative data reports from 01 July 2008.

## Impact for Council

The Cash-flow is as follows:

Account Balances as at 31<sup>st</sup> December.

Operating Account	\$430,117
Trust Account	\$324,7589
Savings Account	\$10,719,485
	<b>\$11,474,361</b>

	MTD Cash Income	MTD Cash Expenditure
<b>Jul-10</b>	\$1,109,611	-\$4,209,105
<b>Aug-10</b>	\$2,236,920	-\$2,941,823
<b>Sep-10</b>	\$1,715,120	-\$3,318,540
<b>Oct-10</b>	\$4,527,741	-\$2,862,050
<b>Nov-10</b>	\$1,611,100	-\$3,499,972
<b>Dec-10</b>	\$2,821,613	-\$3,938,533
	<b>\$14,022,106</b>	<b>-\$20,770,023</b>

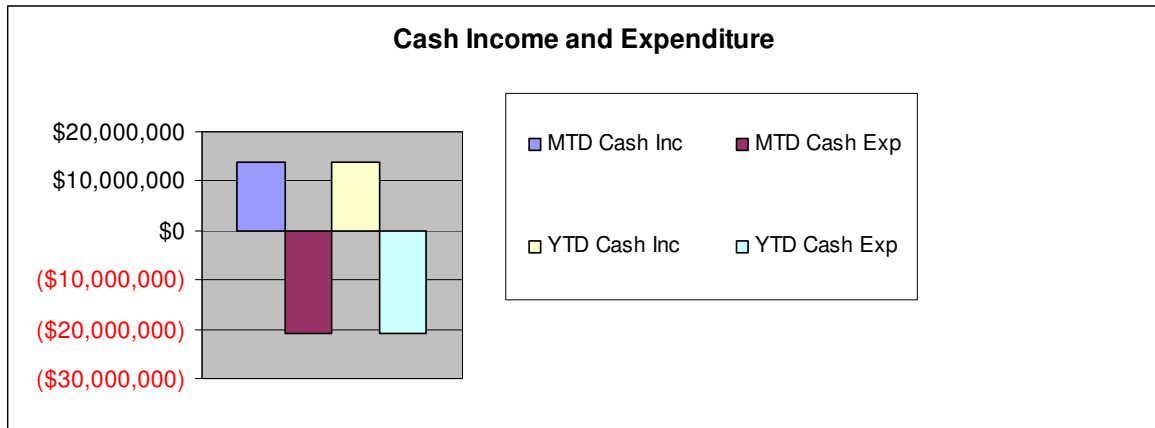
	YTD Cash Income	YTD Cash Expenditure
<b>TOTAL YTD</b>	<b>\$14,022,106</b>	<b>-\$20,770,023</b>

Year to date income totalling \$14.0M is under budget by \$11.7M (\$25.7M-\$14.0M), primarily due to timings of grant income received to date. Grant income received in the month of December totals \$2.5M and includes:

- Attorney General Dept (\$1.91M)
- Dept of Environment Water Heritage & the Arts (221K)
- Dept of Families & Community Services (\$307K)
- Dept of Infrastructure (\$103K)

Year to date expenditure of \$20.8M is under budget by \$5.8M, (\$25.8M-\$20.8M) while expenditure for the month of December includes creditor payments of:

- Palumpa Station Winnellie – Road Base Materials (\$210k)
- Jardine Lloyd Thompson (206k)
- Hastings Deering (\$159k)
- Telstra (\$137k)



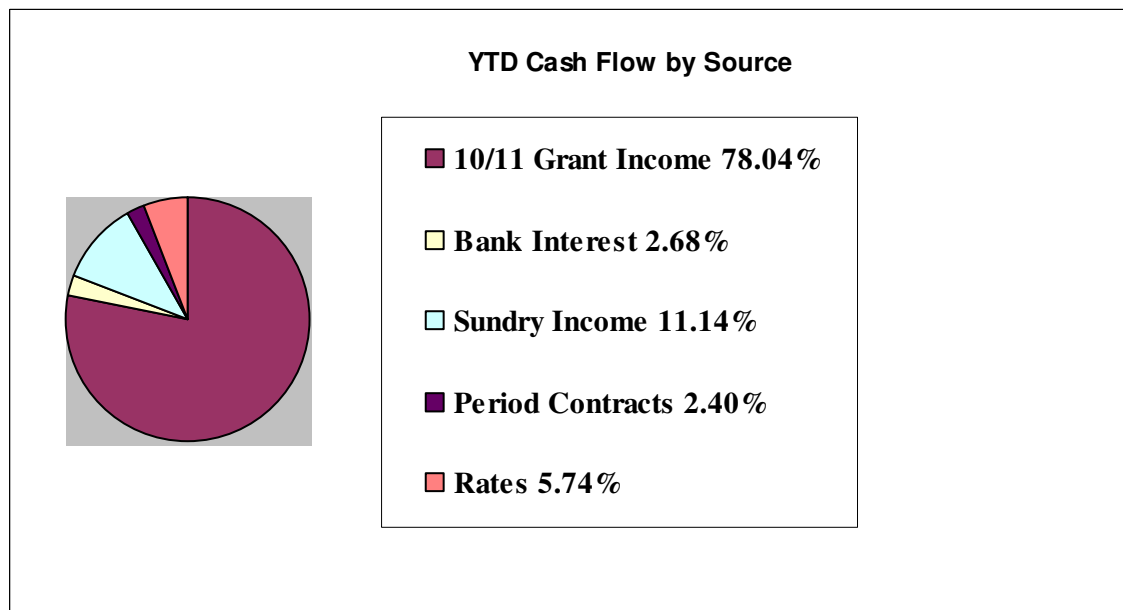
At the time of writing this report, bank reconciliations have made significant progress as at 31<sup>st</sup> December, with debits and credits continually being reconciled to ensure accuracy – particularly in regard to grant payments received.

An educational initiative will be under way in the coming months to educate staff in remote communities on how to code payments correctly to ensure the General Ledger accurately reflects the transactions of Council.

The focal point of the education program is how account strings work that link location, program, fund and natural account; in particular the relationship between grant funding (income received) and expenditure that relate to a specific program.

### **YTD CASHFLOW BY SOURCE**

The **\$14,022,106** income received this financial year is broken down as follows:

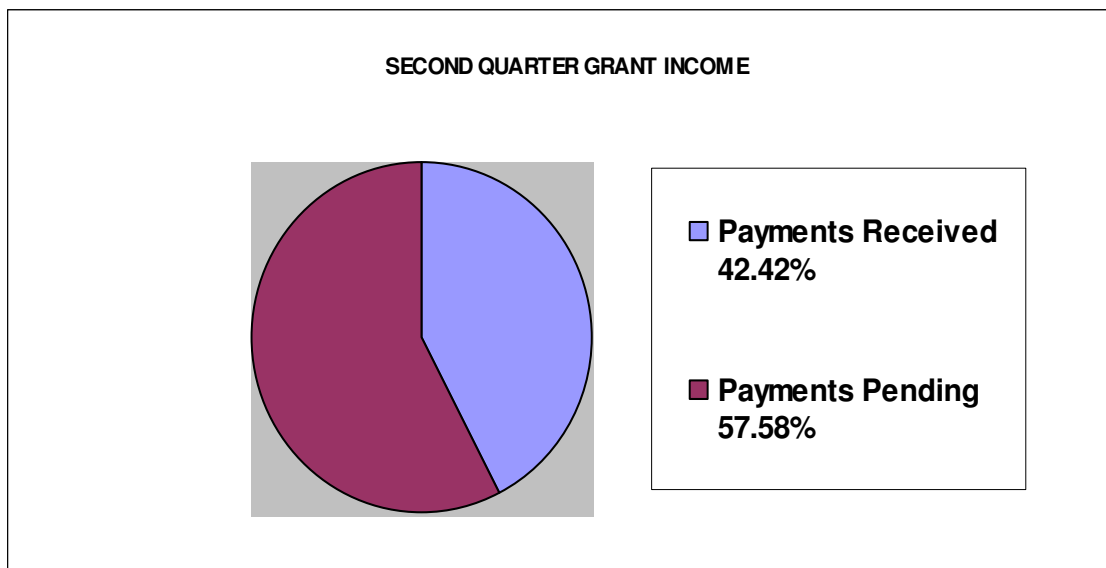


The cash-flow by source includes Rate received of \$805k for year to date. The better

than expected result is due to increased effectiveness of rate collection and payment of \$351k from Territory Housing.

## **SECOND QUARTER GRANT INCOME**

Grant funding clearly remains our strongest income stream (78% of total Income). The Shire has received \$2.5M in grant income in December. This difference between actual and budgeted income is expected as funding agreements are not all in place.



## **CURRENT RATIO**

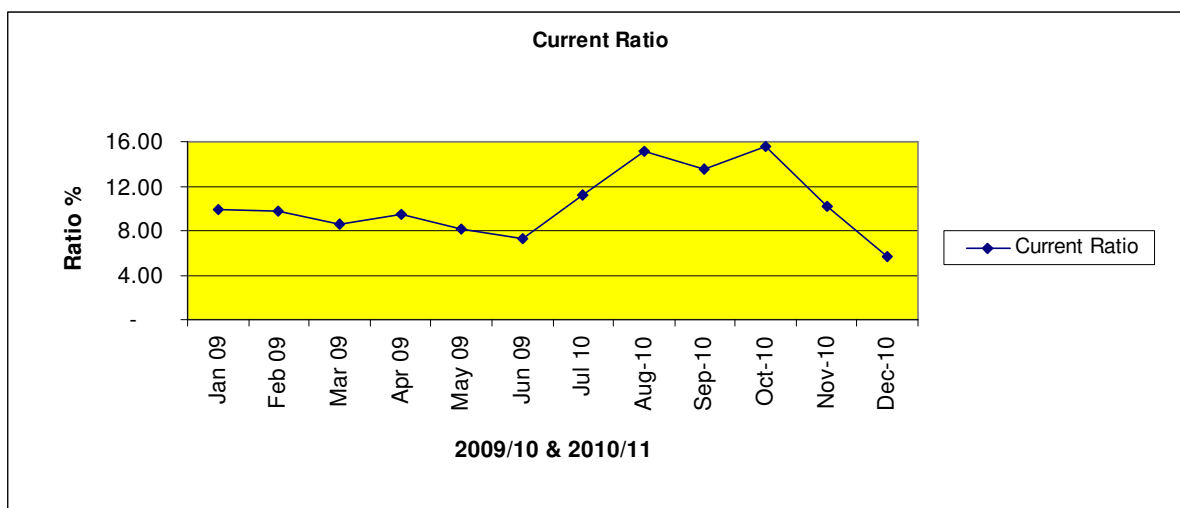
***The Current Ratio (or working capital ratio) identifies the Council's ability to meet short term financial obligations. The higher the ratio, the more liquid we are.***

This calculation uses the current assets over current liabilities and represents outstanding creditors of \$1.2M. However outstanding orders have been *excluded* from July onwards due to the non recognition of liabilities since invoices are not being presented for payment to Council<sup>1</sup>. When compared to cash at hand, the ratio is as follows:

$$\frac{\$12,322,101}{\$2,179,532} = 5.65$$

The result of 5.65 shows that for every \$1 owed by the Council to its creditors, both external and internal (employees); \$5.65 can be used from "current assets" to meet its obligations.

<sup>1</sup> In order for a liability to exist, there must be a legal obligation to pay which comes in the form of an invoice issued from a creditor.



**The liabilities *do not* include unexpended grant funding, therefore this figure will be further adjusted once the end of year processing has been finalised.**

**Income & Expenditure**

***The Financial Variance Commentary will detail variances greater than \$5,000***

The Income and Expenditure Report (attachment 1) does not contain a Budget breakdown at the moment, however the Finance Department is in the process of uploading budgets for each Service Delivery area.

**INCOME**

Income received of \$13.9M as reported in the Income & Expenditure Report for December YTD differs from the cash at bank figure of \$14.0 by \$100K. All income is being allocated as part of the bank reconciliation process. The total grant income received for the financial year 2010/11 YTD is \$10.9M.

**EXPENDITURE**

Operating expenditure of \$16.1M as reported in the Income & Expenditure Report for December YTD differs to the expenditure figure drawn from the bank statement of \$20.8 (a variance of \$4.7M). This is primarily due to timing differences in invoices paid in the current year that relate to the previous financial year.

**NET PROFIT / LOSS**

In all, Council is reflecting a year to date loss of 2.1M which is primarily due to significant capital purchases (783k), large creditor payments of (\$712) to Palumpa Station Winnellie – Road Base Materials, Jardine Lloyd Thompson, Hasting Deering and Telstra.

The early release funding received in June 2010 of \$675k and the expected \$25.9m in grant income identifies that the income streams remain strong and the net effect to Council remains positive.

### **CAPITAL EXPENDITURE**

Capital works expenditure as at December YTD is \$783K for motor vehicle fleet and Plant & Equipment purchases.

### **NET INCOME / EXPENDITURE**

The total net result highlights that Council remains in a stable fiscal position, with \$11.4 million cash at bank.

***When viewing the Profit and Loss Statement, it must be noted that variances to budget are often reflected in red or in brackets – this can be positive or negative, depending on whether it refers to income or expenditure. For example, a saving in expenses will show in red brackets, because it is in credit. These variances will be noted in the financial variance commentary as required.***

### **Identification of relevant legislation, Council policy and plans**

Section 18 of the Local Government Accounting Regulations 2008 outlines the requirements for financial reporting to Council. In particular it states that the actual income and expenditure for the commencement of the financial year to the end of the previous month should be reported plus a statement of the debts owed to the Council.

### **Consultation**

Not applicable

### **Other Considerations**

As outlined in previous Finance Reports to Council, elected members need to remain aware that whilst the Income and Expenditure Statement for this period aligns closely with the remediated Technology One Financial Management System, the sanitisation of the data remains ongoing.

### **Funding Implications**

Council received sufficient grant and sundry income during the period and successfully paid staff and creditors.

### **Conclusion**

The estimated income and expenditure statement shows that Victoria Daly Shire Council has met its financial obligations for the month and has the cash flow to ensure that the delivery of services continues in communities.

### **Recommendation**

**That Council receives and notes the Finance Report for the period ending 31<sup>st</sup> December.**

### **Attachments**

1 VDSC - Income and Expenditure Report - Dec 10 (2).pdf

10/01/2011 1:30 PM

**Victoria Daly Shire Council**  
**Income and Expenditure Report for the Month Ending 31st December 2010**

Actual	Year to Date		Revenue	Total Year			
	Budget	Variance		Original Budget	Current Budget	Forecast EOY	Forecast Change
1,064,278	0	(1,064,278)	Rates and Annual Charges	0	0	0	0
11,072,815	0	(11,072,815)	Grants and Subsidies	0	0	0	0
171,072	0	(171,072)	User Fees and Charges	0	0	0	0
375,563	0	(375,563)	Interest	0	0	0	0
182	0	(182)	Profit/Loss on Disposal of Property Plant and Equipment	0	0	0	0
1,284,276	0	(1,284,276)	Other Current Income	0	0	0	0
<b>13,968,185</b>	<b>0</b>	<b>(13,968,185)</b>	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Expenditure</b>							
8,952,077	0	(8,952,077)	Employees	0	0	0	0
128,848	0	(128,848)	Councilors	0	0	0	0
7,020,345	0	(7,020,345)	Materials and Contracts	0	0	0	0
336	0	(336)	Bad Debts	0	0	0	0
1,852	0	(1,852)	Current and Capital Transfer Expenses	0	0	0	0
0	0	0	ReAllocated Expenses	0	0	0	0
0	0	0	SUSPENSE ACCOUNT	0	0	0	0
<b>16,103,459</b>	<b>0</b>	<b>(16,103,459)</b>	<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2,135,274)</b>	<b>0</b>	<b>2,135,274</b>	<b>Net Profit / (Loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

VDSC - Income and Expenditure Report - Dec 10 (2)

10/01/2011 1:30 PM

**Victoria Daly Shire Council**  
Income and Expenditure Report for the Month Ending 31st December 2010

Actual	Year to Date		Capital Expenditure	Total Year			
	Budget	Variance		Original Budget	Current Budget	Forecast EOY	Forecast Change
0	0	0	WIP Purchase Land	0	0	0	0
900	0	(900)	WIP Purchase Construct Buildings	0	0	0	0
3,455	0	(3,455)	WIP Upgrade Buildings	0	0	0	0
25,600	0	(25,600)	WIP Purchase/Construct Infrastructure	0	0	0	0
215,909	0	(215,909)	WIP Purchase Plant & Equipment	0	0	0	0
534,790	0	(534,790)	WIP Purchase Motor Vehicles	0	0	0	0
2,571	0	(2,571)	WIP Upgrade Motor Vehicles	0	0	0	0
<b>783,226</b>	<b>0</b>	<b>(783,226)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2,918,500)</b>	<b>0</b>	<b>2,918,500</b>	<b>Net Income / (Expenditure)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## VICTORIA DALY SHIRE COUNCIL

### FOR THE MEETING OF FINANCE COMMITTEE OF 18 JANUARY 2011

#### Report for Agenda Item No 2

Prepared by **Jeanette Elliott, Grants Coordinator**

#### **Acceptance by Council of the Indigenous Sport and Recreation Funding Agreements for 2010/2011**

---

##### **Purpose**

For Council to accept the funding agreement for the 2010/2011 Vic Daly Regional Indigenous Sports and Recreation Program by signing the funding agreement and affixing the Common Seal.

##### **Background**

The Department of Families, Housing, Community Services and Indigenous Affairs has provided the Shire with an agreement for \$155,000 to support a regional Indigenous support and recreation program package to the Indigenous residents with the 16 communities of the Victoria Daly Shire.

##### **Impact for Council**

This funding will allow the Shire to continue to provide Sport and Recreation to all its communities.

##### **Recommendation**

**That Council accept a total of \$155,000 for the Vic Daly Shire Regional Indigenous Sports and Recreation Program by affixing the seal and having a council member sign the agreement between Victoria Daly Shire Council and the Department of Families, Housing, Community Services and Indigenous Affairs.**

##### **Attachments**

There are no attachments for this report.

## VICTORIA DALY SHIRE COUNCIL

### FOR THE MEETING OF FINANCE COMMITTEE OF 18 JANUARY 2011

#### Report for Agenda Item No 3

Prepared by **Jeanette Elliott, Grants Coordinator**

#### **Sign off on Acquittals of various Special Purpose Grants**

---

##### **Purpose**

For Council to accept and sign off on a number of Acquittals for Special Purpose Grants

##### **Background**

1. 2007/2008 SPG Walangeri Ngumpinku Community Government Council – Lingara Bounday Fence: We have provided photographic evidence that this fence has been completed.
2. Upgrade of causeway in Nganmariyanga: financial statement attached with acquittal statement, a total of \$50,218 was spent in the 2009/2010 financial year with a rollover of \$449,782 to spend in the 2010/2011 financial year.
3. 2007/2008 SPG – Assisting Council with election awareness campaigns and holding the elections in October 2008: Invoice attached specifying a total spend of \$44,000 in relation to this grant.
4. For the Construction of a Community Hall / Cyclone Shelter at Pigeon Hole: financial statement attached with acquittal statement, a total of \$35,000 was spent in the 2009/2010 financial year with a rollover of \$315,000 to spend in the 2010/2011 financial year.
5. To conduct waste management audits in the Victoria Daly Shire, the Roper Gulf Shire and the Katherine Town Council: financial statement attached with acquittal statement, a total of \$10,000 was spent in the 2009/2010 financial year with a rollover of \$90,000 to spend in the 2010/2011 financial year.
6. For the construction of a purpose build community access space building in Timber Creek adjacent to the current shire offices: financial statement attached with acquittal statement, a total of \$15,000 was spent in the 2009/2010 financial year with a rollover of \$135,000 to spend in the 2010/2011 financial year.

##### **Impact for Council**

Victoria Daly Shire Council is required to submit Acquittal Statements for all its Special Purpose Grants at the end of each financial year.

##### **Recommendation**

**That Council authorise the Chief Executive Officer to sign as the Authorised Person on each of the Special Purpose Grant Acquittal Statements as**

**confirmation that Council accepts that the expenditure shown on each statement has been actually incurred and were expended in accordance with the stated purpose of the grants.**

**Attachments**

There are no attachments for this report.