



Victoria Daly
SHIRE COUNCIL

MEETING OF FINANCE COMMITTEE

TUESDAY, 19 JULY 2011

9:00am till 5:00pm

Held at the Victoria Daly Shire Council Head Office.

This meeting is open to the public excluding confidential Council business.

Agendas available by the 18 July 2011, please contact Rose Peckham on Rose.Peckham@vicdaly.nt.gov.au or phone: 08 8972 0701 fax: 08 8971 0856



AGENDA

Victoria Daly Shire Finance Teleconference

9AM TUESDAY 19TH JULY 2011

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

Present

Apologies

Disclosure of interest – Councillors and Staff

Call for Items of General Business

Reports to Committee

1 Finance Report month ending June 20113

General Business



VICTORIA DALY SHIRE COUNCIL

FOR THE MEETING OF FINANCE COMMITTEE OF 19 JULY 2011

Report for Agenda Item No 1

Prepared by **Donna Balzan, Senior Finance Officer**

Finance Report month ending June 2011

Purpose

To provide Council with the Shire's financial management, income, expenditure and debtors report for the period ending 30th June 2011

Background

The implementation of the remediated Tech One system is now complete.

The finance system now ensures accuracy of data entry and retrieval.

The finance team continues to enhance the Tech One system with improved methods of data capture, entry and analysis to support the Shire's effectiveness and efficiency in resource allocation.

Impact for Council

The Cash-flow is as follows:

Account Balances as at 30 June 2011		
Trust		\$11,374,304
Operating		\$51,778
Savings		\$5,781,319
Term Deposits		\$3,739,711
Total		\$20,947,112
Month To Date	MTD Cash Income	MTD Cash Expenditure
Jul-10	\$1,109,611	(\$4,209,105)
Aug-10	\$2,236,920	(\$2,941,823)
Sep-10	\$1,715,120	(\$3,318,540)
Oct-10	\$4,527,741	(\$2,862,050)
Nov-10	\$1,611,100	(\$3,499,972)
Dec-10	\$2,821,614	(\$3,938,533)
Jan-11	\$2,810,235	(\$2,156,174)

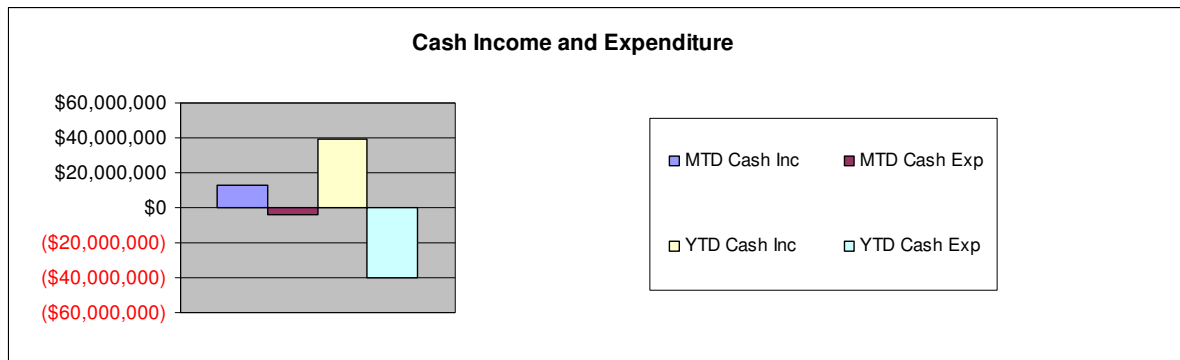
Feb-11	\$2,263,685	(\$3,888,558)
Mar-11	\$2,499,783	(\$3,799,193)
Apr-11	\$1,608,090	(\$3,641,229)
May-11	\$3,475,330	(\$2,336,402)
Jun-11	\$12,568,730	(\$3,656,729)
Total	\$39,247,960	(\$40,248,309)
	YTD Cash Income	YTD Cash Expenditure
Total YTD	\$39,247,960	(\$40,248,309)

Year to date income totalling \$39.2M is over budget by \$0.6M (\$38.6M-\$39.2). Grant income received in the month of June totals \$11.2M, due to the late receipt of grant income for the 10/11FY. However, income yet to be received includes:

	Jun-11
AG Community Patrol	\$ 2,238,443.00
DEEWR	\$ 771,357.63
Housing – NTG	\$ 150,282.92
Dept of Health & Ageing	\$ 628,352.16
FaHCSIA – CDEP	\$ -
ABA – Palumpa Causeway	\$ -
Dept of Housing, Local Gov & RS	\$ 965,522.00
DOHA Additional	\$ 223,482.05
NTG Muns Program	\$ -
Other Receivables	\$ 321,231.23
Various others	\$ 76,274.19
	\$ 5,374,945.18

Year to date expenditure of \$40.2M is over budget by \$1.6M, (\$38.6M-\$40.2M) while expenditure for the month of June includes creditor payments of:

- CouncilBiz (\$241k)
- D & R Community Services (\$183k)
- Power and Water (\$133k)
- Telstra (\$110k)
- Australian Fuel Distributors (\$66k)
- Power Projects NT Pty Ltd (\$51k)
- Merit Partners (\$49k)
- Clayton UTZ (\$46k)
- Australian Tax Office (\$28k)



To date, income has averaged \$3.2M per month while expenditure has averaged \$3.3M per month. This is due to funding from several grants currently awaiting the audit of grant acquittals for the 2009/10 year.

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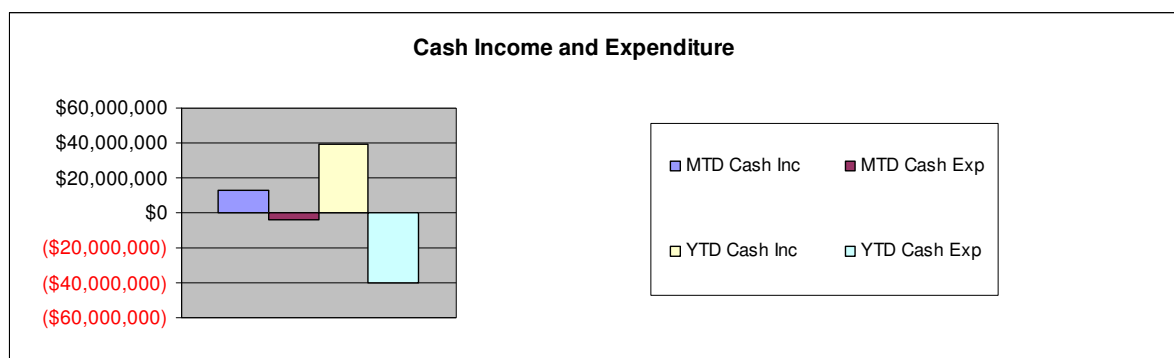
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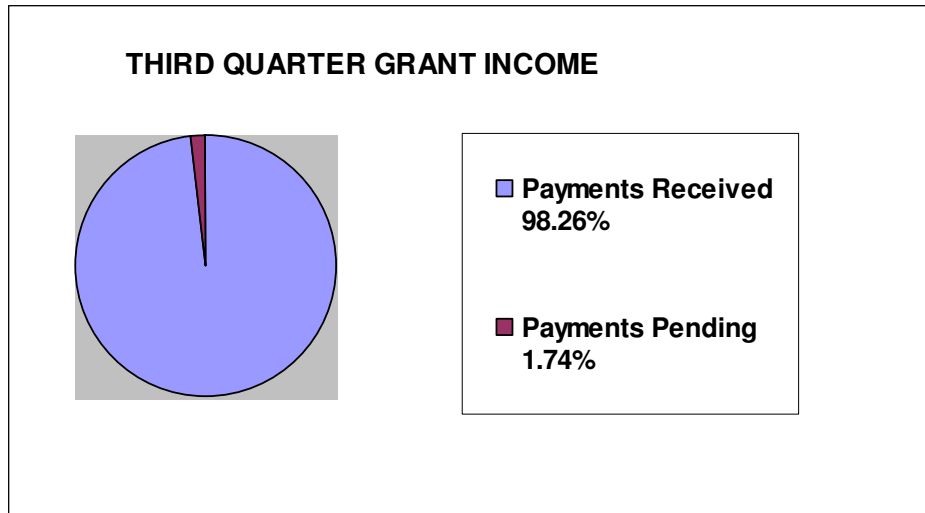
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FOURTH QUARTER GRANT INCOME

Grant funding clearly remains our strongest income stream (85.99% of total Income). The Shire has received \$11.2M in grant income in June. This difference between actual and budgeted income is expected as funding agreements are not all in place.



CURRENT RATIO

The Current Ratios (or working capital ratio) identifies the Shire's ability to meet short term financial obligations. The higher the ratio, the more liquid the Shire is. There are two calculations below, one including unexpended grants and the other excluding unexpended grants.

The formula for expressing the Current Ratio including *unexpended grants* is:

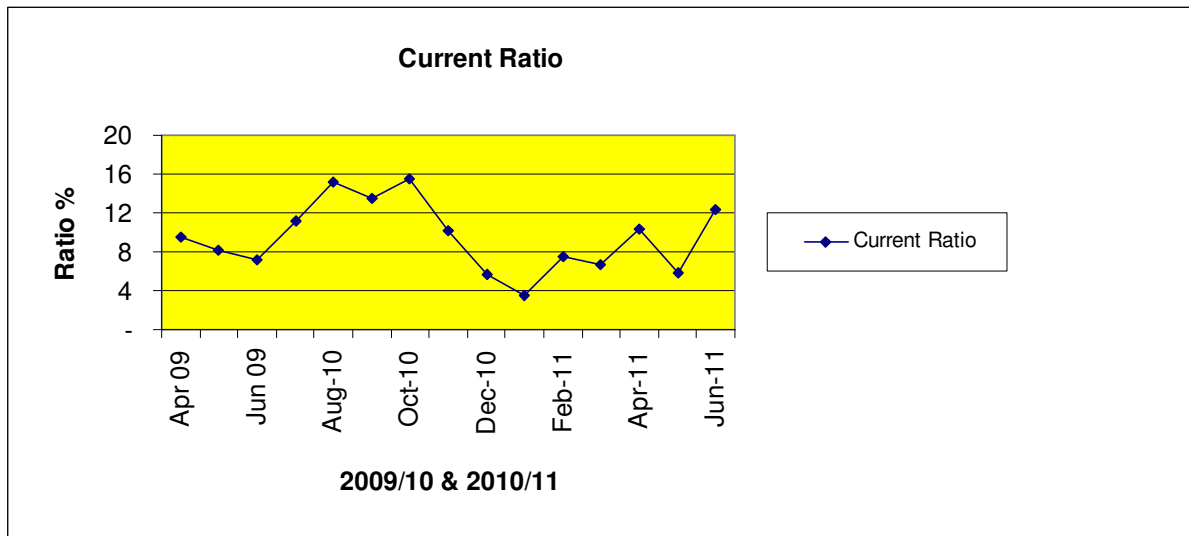
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

This calculation uses the current assets over current liabilities. 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.

When compared to cash at hand, the Current Ratio including unexpended grants of \$6.8M are as follows:

$$\frac{\$27,667,623.12}{\$2,233,331.16} = \mathbf{12.39}$$

The result of 12.39 indicates that for every \$1 owed by the Council to its creditors, both external and internal (employees); \$12.39 can be used from Current Assets to meet its obligations.

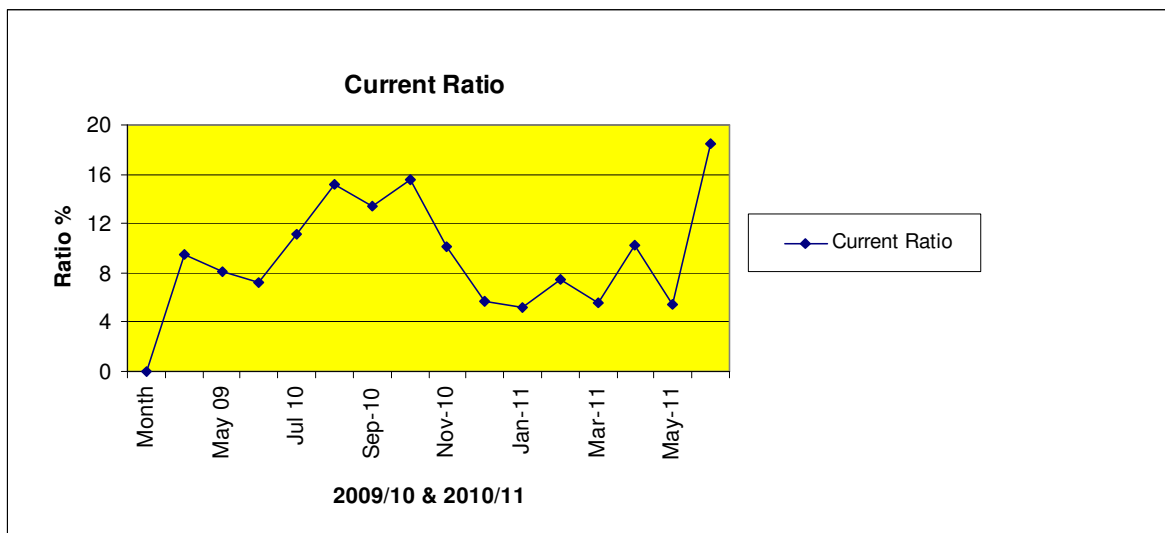


The Current Ratio excluding **Unexpended Grants (\$6.8M)** is expressed as follows:

Current Assets – Unexpended Grants
Current Liabilities

$$\frac{\$27,667,623.12 - \$6,801,077.00}{\$1,125,598.90} = 18.54$$

The Current Ratio above which excludes unexpended grants consist of tied and untied funding, therefore current liabilities (\$2,233,331.16) have been adjusted down on a proportional basis by 50.4% (\$2.2*0.504) = \$1,125,598.90.



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 \$36.6M as reported in the Income & Expenditure Report for June YTD differs from the cash at bank figure of \$39.2 by \$2.6M. 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 \$33.4M.

EXPENDITURE

Operating expenditure of \$32.6M as reported in the Income & Expenditure Report for June YTD differs to the expenditure figure drawn from the bank statement of \$40.2M (a variance of \$7.6). This is primarily due to timing differences in invoices paid in the current year that relates to the previous financial year.

NET PROFIT / LOSS

In all, Council is reflecting a year to date profit of \$3.9M which is primarily due to receiving a large amount of grant income in the month of June.

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 June YTD is \$1.1M for motor vehicle fleet, Plant & Equipment purchases and work in progress Infrastructure upgrades.

NET INCOME / EXPENDITURE

The total net result highlights that Council remains in a stable fiscal position, with \$17.2M 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

- 1. That Council note the report**

Attachments

- 1 VDSC - Income and Expenditure Report - June 11 - DB v1.pdf**

Victoria Daly Shire Council
Income and Expenditure Report for the Month Ending 30th June 2011

7/07/2011 9:57 AM

	Year to Date		Variance	Revenue	Original Budget	Total Year			
	Actual	Budget				Current Budget	Forecast Budget	Forecast EOY	Forecast Change
	1,007,204	0	(1,007,204)	Rates and Annual Charges	0	0	0	0	0
	27,521,713	0	(27,521,713)	Grants and Subsidies	0	0	0	0	0
	542,393	0	(542,393)	User Fees and Charges	0	0	0	0	0
	639,956	0	(639,956)	Interest	0	0	0	0	0
	182	0	(182)	Profit/Loss on Disposal of Property Plant and Equipment	0	0	0	0	0
	6,890,250	0	(6,890,250)	Other Current Income	0	0	0	0	0
36,601,698	0	(36,601,698)		Total Revenue	0	0	0	0	0
Operating Expenditure									
	18,239,232	0	(18,239,232)	Employees	0	0	0	0	0
	323,259	0	(323,259)	Councilors	0	0	0	0	0
	14,070,890	0	(14,070,890)	Materials and Contracts	0	0	0	0	0
	2,003	0	(2,003)	Bad Debts	0	0	0	0	0
	3,775	0	(3,775)	Current and Capital Transfer Expenses	0	0	0	0	0
	25	0	(25)	Interest Expenses	0	0	0	0	0
	19,188	0	(19,188)	Reallocated Expenses	0	0	0	0	0
	5,148	0	(5,148)	SUSPENSE ACCOUNT	0	0	0	0	0
32,663,520	0	(32,663,520)		Total Expenses	0	0	0	0	0
3,938,178	0	(3,938,178)		Net Profit / (Loss)	0	0	0	0	0

VDSC - Income and Expenditure Report - June 11 - DB v1

Victoria Daly Shire Council
Income and Expenditure Report for the Month Ending 30th June 2011

7/07/2011 9:57 AM

Actual	Year to Date		Variance	Capital Expenditure	Original Budget	Total Year				
	Budget					Current Budget	Forecast Budget	Forecast EOY	Forecast Change	
0	0	0	0	WIP Purchase Land	0	0	0	0	0	0
900	0	(900)		WIP Purchase Construct Buildings	0	0	0	0	0	0
3,455	0	(3,455)		WIP Upgrade Buildings	0	0	0	0	0	0
25,600	0	(25,600)		WIP Purchase/Construct Infrastructure	0	0	0	0	0	0
40,000	0	(40,000)		WIP Upgrade Infrastructure	0	0	0	0	0	0
470,092	0	(470,092)		WIP Purchase Plant & Equipment	0	0	0	0	0	0
19,202	0	(19,202)		WIP Purchase Furniture Fitt	0	0	0	0	0	0
580,315	0	(580,315)		WIP Purchase Motor Vehicles	0	0	0	0	0	0
2,571	0	(2,571)		WIP Upgrade Motor Vehicles	0	0	0	0	0	0
1,142,135	0	(1,142,135)			0	0	0	0	0	0
2,796,043	0	(2,796,043)		Net Income / (Expenditure)	0	0	0	0	0	0

VDSC - Income and Expenditure Report - June 11 - DB v1