



**Victoria Daly**  
SHIRE COUNCIL

## **MEETING OF FINANCE COMMITTEE**

**TUESDAY, 20 JULY 2010**

9:00am till 10:00am

Held at the Victoria Daly Shire Council Head Office.

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

Agendas available by the 14<sup>th</sup> July 2010, please contact

Rose Peckham on [Rose.Peckham@vicdaly.nt.gov.au](mailto:Rose.Peckham@vicdaly.nt.gov.au)

or phone: 08 8972 0701 fax: 08 8971 0856



## AGENDA

### Victoria Daly Shire Finance Meeting

9:00AM, TUESDAY, 14<sup>TH</sup> JULY 2010

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

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Present

Apologies

Disclosure of interest – Councillors and Staff

Confirmation of Minutes

*Finance - 18 May 2010..... Error! Bookmark not defined.*

Call for Items of General Business

Correspondence In & Out

Reports to Committee

1 Finance Report Period Ending 30th June 2010 .....4

2 Acceptance of various Funding Agreements to be signed under the Common  
Seal .....12

General Business

Confidential





## VICTORIA DALY SHIRE COUNCIL

### FOR THE MEETING OF FINANCE COMMITTEE OF 20 JULY 2010

#### Report for Agenda Item No 1

**Prepared by** Shelley Davis, Finance Manager

#### **Finance Report Period Ending 30th June 2010**

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##### **Purpose**

To provide Council with the Shire's financial management, income, expenditure and debtors report for the period ending 30<sup>th</sup> June 2010.

##### **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.

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.

This ongoing task remains the highest priority of the Finance Team at this time.

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

The Cash-flow continues to be calculated manually at this time and is presently as follows:

Account Balances as at 30<sup>th</sup> June 2010.

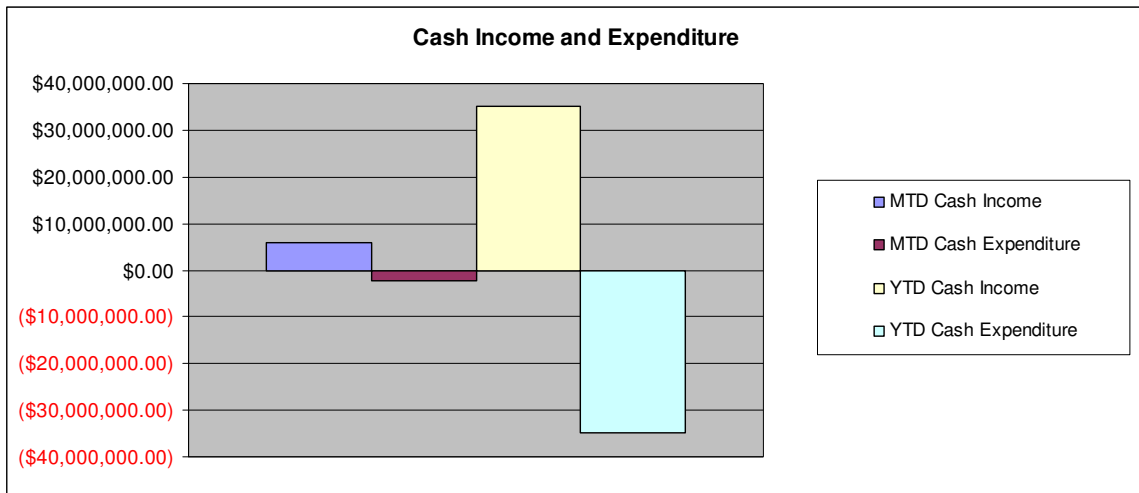
Operating Account	\$854,613.46
Trust Account	\$5,361,173.74
Savings Account	\$12,810,768.57
	<u><u>\$19,026,555.77</u></u>

	<b>MTD Cash Income</b>	<b>MTD Cash Expenditure</b>
<b>Jul-09</b>	\$2,557,362.54	-\$2,760,383.75
<b>Aug-09</b>	\$1,265,674.96	-\$2,059,038.58
<b>Sep-09</b>	\$1,341,395.09	-\$3,383,850.96
<b>Oct-09</b>	\$3,057,252.89	-\$3,143,661.54
<b>Nov-09</b>	\$1,876,405.28	-\$2,666,493.09
<b>Dec-09</b>	\$1,552,820.23	-\$3,533,344.07
<b>Jan-10</b>	\$3,429,029.72	-\$2,399,327.35
<b>Feb-10</b>	\$2,498,007.26	-\$1,884,237.77
<b>Mar-10</b>	\$2,903,275.79	-\$2,402,973.82
<b>Apr-10</b>	\$2,713,349.34	-\$2,820,662.83
<b>May-10</b>	\$6,065,985.93	-\$2,347,324.11
<b>Jun-10</b>	\$5,954,565.50	-\$5,344,974.31
	<u><u>\$35,215,124.53</u></u>	<u><u>-\$34,746,272.18</u></u>

	<b>YTD Cash Income</b>	<b>YTD Cash Expenditure</b>
<b>TOTAL YTD</b>	<u><u>\$35,215,124.53</u></u>	<u><u>-\$34,746,272.18</u></u>

The above income includes grant payments of \$5.41m received during the month of June. The total grant funding received in June raises the overall expected income from \$31,606,863 to an actual income received of 35,215,125. The Expenditure figure also includes \$1.52 million of payments for last financial year – which decreases the Shire’s expenditure to \$33.69m year to date. With these adjusted figures, the net effect to the Council’s cash flow still remains positive.

These expenditure figures include payments for insurance and the approved purchase of motor vehicles – thus explaining the increase of expenditure against income year to date.

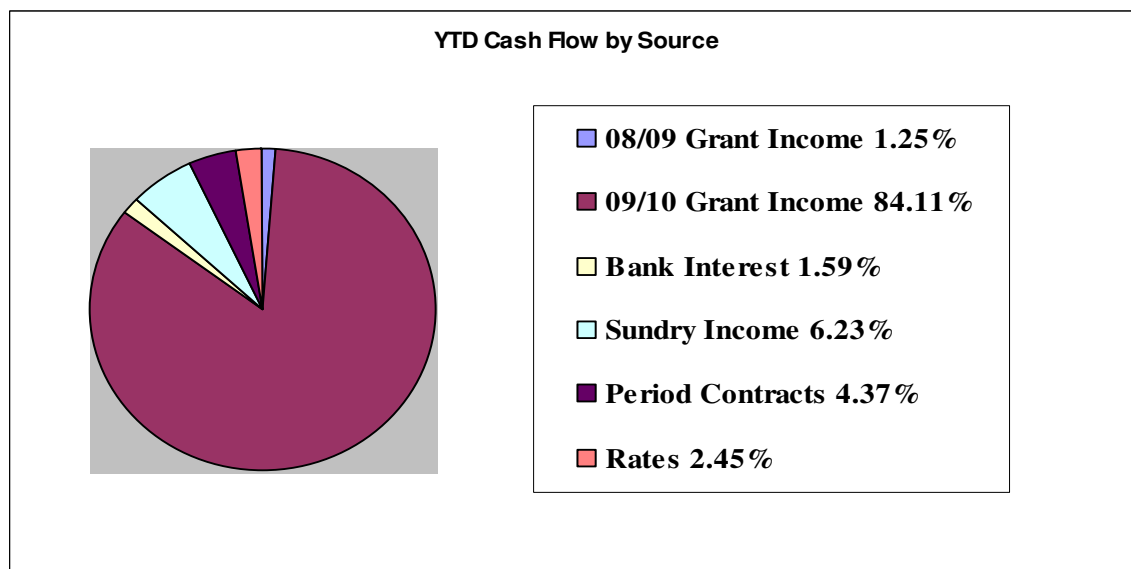


At the time of writing this report, bank reconciliations have been completed and are up to date as at June 2010, with debits and credits now being reconciled to ensure accuracy – particularly in regard to grant payments received.

Currently, our internal and external sales requisitions have been fully completed as at 30 June 2010.

### **YTD CASHFLOW BY SOURCE**

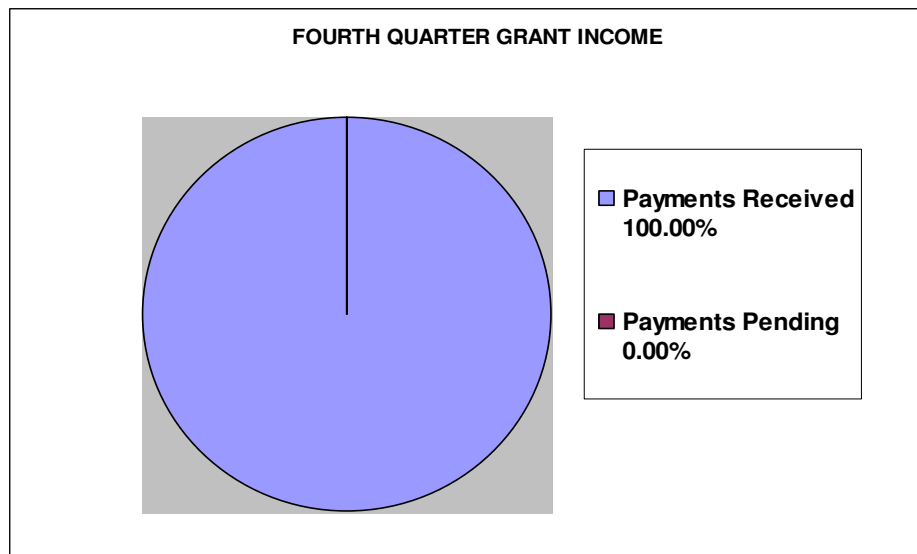
The **\$35,215,124.53** income received this financial year is broken down as follows:



The cash-flow by source has been further broken down to include rate income, which reflects payments received for rates of \$862,770.04 year to date. This includes rate payments received this financial year for the previous year.

## FOURTH QUARTER GRANT INCOME

Grant funding clearly remains our strongest income stream. The Shire received a total of \$29.62 million in grant income.

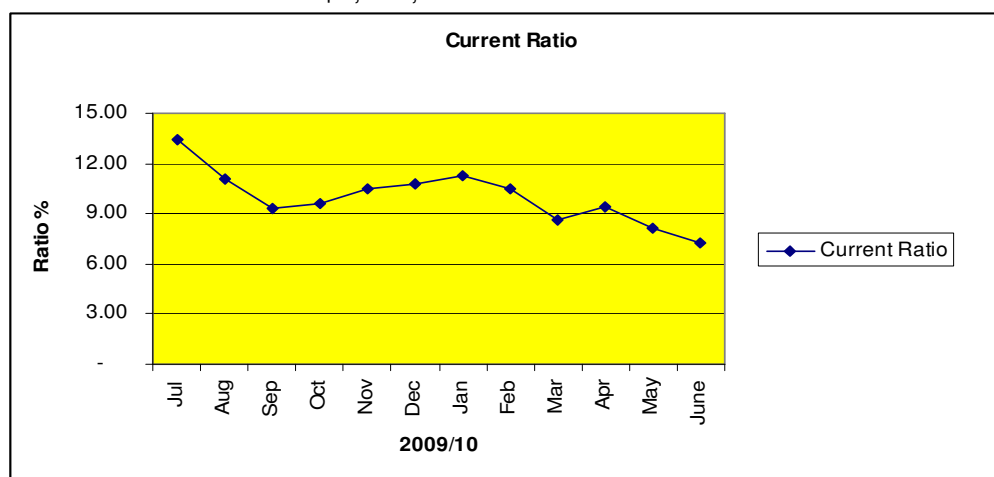


## CURRENT RATIO

*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 and current liabilities. This committals figure represents outstanding creditors of \$2,630,815.90. When compared to cash at hand, the ratio is as follows:

$$\frac{\$19,026,555.77}{\$2,630,815.90} = 7.23$$



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

## **PROFIT AND LOSS**

***The Financial Variance Commentary will detail variances greater than \$5,000.00***

The Income and Expenditure / Profit and Loss Statement (attachment 1) is attached, however does not contain a Budget breakdown as the finalisation of this process at department / program and service delivery centre level remains ongoing.

### **INCOME**

Income indicates funds received of \$35,516,634. The breakdown of this can be found in the cash flow analysis section of this report, however differs from the cash at bank figure of \$35,215,125 by \$301,509. Still to be taken into account is the accurate allocation of \$447,105 in outstanding funding received this year for last year's grant programs. All income is being allocated as part of the bank reconciliation process. The total grant income received for June YTD is \$29.62million, with \$5.41million received in June.

### **EXPENDITURE**

Operating expenditure is reflected as \$30,159,401 – which differs to the expenditure drawn from the bank statement of \$34,746,272 (a variance of \$4,586,871). This is due in part to \$1,527,052 in invoices paid this year that relate to and appear in the financial records for last financial year; and the capital works expenditure of \$1,848,529.

### **NET PROFIT / LOSS**

In all, Council is reflecting a year to date profit of \$3,508,704. This turnaround is primarily due to the receipt of grant payments of \$5.41million, with the overall net effect to council remaining positive.

### **CAPITAL EXPENDITURE**

Works In Progress indicate expenditure of \$1,848,529 – which is in line with anticipated expenditure. Again, this will align with budget figures once the department, program and service delivery centre detailing has been finalised.

### **NET INCOME / EXPENDITURE**

The total net result highlights that Council remains in a strong fiscal position, with \$19.0 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 30<sup>th</sup> June 2010.**

**Attachments**

1 VDSC - Council Report RM PL - June(1) (2).pdf

**Victoria Daly Shire Council**  
**Income and Expenditure Report for the Month Ending 30th June 2010**

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	Year to Date		Variance	Revenue	Original Budget	Total Year			
	Actual	Budget				Original Budget	Current Budget	Forecast EOY	Forecast Change
	1,129,502	0	(1,129,502)	Rates and Annual Charges	0	0	0	0	0
	15,013	0	(15,013)	Fines and Penalties	0	0	0	0	0
	29,624,409	0	(29,624,409)	Grants and Subsidies	0	0	0	0	0
	42,097	0	(42,097)	Rabates	0	0	0	0	0
	1,490,574	0	(1,490,574)	User Fees and Charges	0	0	0	0	0
	561,018	0	(561,018)	Interest	0	0	0	0	0
	2,654,021	0	(2,654,021)	Other Current Income	0	0	0	0	0
<b>35,516,634</b>	<b>0</b>	<b>(35,516,634)</b>	<b>Total Revenue</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Expenditure</b>									
	16,529,216	0	(16,529,216)	Employees	0	0	0	0	0
	215,145	0	(215,145)	Councillors	0	0	0	0	0
	12,950,571	0	(12,950,571)	Materials and Contracts	0	0	0	0	0
	0	0	0	Depreciation	0	0	0	0	0
	91	0	(91)	Current and Capital Transfer Expenses	0	0	0	0	0
	6,933	0	(6,933)	Interest Expenses	0	0	0	0	0
	0	0	(0)	Other Expenses	0	0	0	0	0
	436,892	0	(436,892)	Reallocated Expenses	0	0	0	0	0
	20,553	0	(20,553)	SUSPENSE ACCOUNT	0	0	0	0	0
<b>30,159,401</b>	<b>0</b>	<b>(30,159,401)</b>	<b>Total Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5,357,234</b>	<b>0</b>	<b>(5,357,234)</b>	<b>Net Profit / (Loss)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

VDSC - Council Report RM PL - June(1) (2)

**Victoria Daly Shire Council**  
**Income and Expenditure Report for the Month Ending 30th June 2010**

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Actual	Year to Date		Variance	Capital Expenditure	Original Budget	Total Year			
	Budget					Current Budget	Forecast EOY	Forecast Change	
547,721	0	0	(547,721)	W/P Purchase Construct Buildings	0	0	0	0	0
14,895	0	0	(14,895)	W/P Upgrade Buildings	0	0	0	0	0
399,525	0	0	(399,525)	W/P Purchase/Construct Infrastructure	0	0	0	0	0
30,462	0	0	(30,462)	W/P Upgrade Infrastructure	0	0	0	0	0
2,231	0	0	(2,231)	W/P Contributed Infrastructure	0	0	0	0	0
127,976	0	0	(127,976)	W/P Purchase Plant	0	0	0	0	0
88,413	0	0	(88,413)	W/P Purchase Equipment	0	0	0	0	0
106,840	0	0	(106,840)	W/P Purchase Furniture Fitt	0	0	0	0	0
2,231	0	0	(2,231)	W/P Contributed Furniture and Fittings	0	0	0	0	0
500,127	0	0	(500,127)	W/P Purchase Motor Vehicles	0	0	0	0	0
291	0	0	(291)	W/P Contributed Motor vehicles	0	0	0	0	0
27,818	0	0	(27,818)	W/P Intangibles	0	0	0	0	0
<b>1,848,529</b>	<b>0</b>	<b>0</b>	<b>(1,848,529)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3,508,704</b>	<b>0</b>	<b>0</b>	<b>(3,508,704)</b>	<b>Net Income / (Expenditure)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

VDSC - Council Report RM PL - June(1) (2)



## VICTORIA DALY SHIRE COUNCIL

### FOR THE MEETING OF FINANCE COMMITTEE OF 20 JULY 2010

#### Report for Agenda Item No 2

**Prepared by**                    **Jeanette Elliott, Acting Grants Officer**

#### **Acceptance of various Funding Agreements to be signed under the Common Seal**

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##### **Purpose**

To seek Council authority to accept the following funding and sign the agreements under the Common Seal:

1. 2010-2011 Municipal and Essential Services Program Funding
2. Leadership for Indigenous Women

##### **Background**

1. Victoria Daly Shire has been successful in obtaining \$677,170 (GST exclusive) for Municipal and Essential Services Program Funding through Department of Housing, Local Government and Regional Services.
2. Victoria Daly Shire has been successful in obtaining \$73,000 (GST exclusive) for Leadership for Indigenous Women through FaHCSIA.

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

The funding for Municipal and Essential Services allows the Shire to deliver municipal and essential services to its outstations/homelands.

The funding for 'Leadership for Indigenous Women' will allow the Shire to build the female Indigenous capacity, leadership and ability to influence governance in its remote communities.

##### **Recommendation**

1. **That Council accept a total of \$677,170 (GST exclusive) for the Municipal and Essential Services program funding by affixing the seal and have a Council member sign the agreements between Victoria Daly Shire and the Department of Housing, Local government and Regional Services.**
2. **That Council accept a total of \$73,000 for the Leadership for Indigenous Women by affixing the seal and have a Council member sign the agreement between Victoria Daly Shire and the Department of Families, Housing, Community Services and Indigenous Affairs.**

##### **Attachments**

There are no attachments for this report.