



12 March 2012

MINUTES

MINUTES OF A FINANCE COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON MONDAY, 12 MARCH 2012, COMMENCING AT 6.35PM

F1. OPENING OF MEETING

The Presiding Member declared the meeting open.

F1.1 Present

Mayor A Ferris

Cr R Olson Presiding Member

Cr B de Jong

Cr S Martin

Mr B Bond Acting Executive Manager Finance & Administration

F2. ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place.”

F3. WELCOME TO GALLERY

There were no members of the public present.

F4. APOLOGIES

Cr Rico.

F5. PUBLIC QUESTION TIME

Nil.

F6. CONFIRMATION OF MINUTES

F6.1 Finance Committee Meeting – 26 July 2011

Cr de Jong – Mayor Ferris

That the Minutes of the Finance Committee held on 26 July, 2011 and adopted at the Council Meeting held on 16 August 2011 be confirmed. CARRIED

F7. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)

Nil.

F8. BUSINESS

F8.1 Accounts for Payment – February 2012

By Bill Bond, Acting Executive Manager Finance & Administration on 2 March 2012

PURPOSE

To endorse the list of payments for the period 1 February to 29 February 2012.

BACKGROUND

It is a requirement of the Financial Management Regulations that the monthly Accounts for Payment are endorsed by the Council. The List of Accounts is attached.

ATTACHMENT

REPORT

Comments/Discussion

The List of Accounts for the period beginning 1 February and ending 29 February 2012 require endorsement by the Council.



12 March 2012

MINUTES

RECOMMENDATION TO COUNCIL

That the List of Accounts for the period beginning 1 February and ending 29 February 2012 be received, as per the following table:

| <i>February 2012</i> | | |
|-----------------------|---------------------------------|-----------------------|
| Voucher Nos | Account | Amount |
| 4315 – 4329 | Municipal (Cheques) | \$18,181.59 |
| EFT 15171 – EFT 15350 | Electronic Transfer Funds | \$910,700.98 |
| Payroll | Electronic Transfer Funds | \$189,870.83 |
| | Municipal Total Payments | \$1,118,753.40 |

RECOMMENDATION TO COUNCIL

Cr Martin – Mayor Ferris

That the List of Accounts for the period beginning 1 February and ending 29 February 2012 be received. CARRIED

F8.2

Monthly Financial Activity Statement for Period Ending 31 January 2012

By Bill Bond Acting Executive Manager Finance & Administration on 21 February 2012

PURPOSE

This statement outlines operating and capital revenues and expenditures in accordance with statutory requirements.

BACKGROUND

The monthly Financial Activity Statement for the period ending 31 January 2012 is appended and includes the following:

- Financial Activity Statement
- Notes to the Financial Activity Statement including schedules of investments and rating information.
- Capital expenditure Report

ATTACHMENT

The attached Financial Activity Statement is prepared in accordance with the amended Local Government (Financial Management) Regulations 1996; with additional material to provide Council with easy to understand financial information on Council activities undertaken during the financial year.

REPORT**Introduction/Comments**

The following is summary information on the attached financial reports:

The January 2012 year to date Financial Activity Statement report shows an overall actual surplus of \$3,213,827 compared to the year to date budget of \$1,990,713, a favourable variance of \$1,223,114.

Revenue and expenditure variances are generally timing in nature. The surplus is large at the start of the year as the full year rate revenue is brought to account. This surplus will decrease in the remaining months of 2011/12 as it is used to fund expenditure providing works and services.

The overall favourable variance of \$1,223,114 can be analysed as follows:

**12 March 2012****MINUTES**

- The YTD actual Operating Revenue is \$7,139,372 compared to the YTD budget of \$7,408,794, an unfavourable variance of \$269,422. The variance is due primarily to our capital works programs being delayed and the associated capital grants not being claimed at this stage.
- The YTD actual Operating Expenditure is \$4,248,867 compared to the YTD budget of \$4,375,750, a favourable variance of \$126,883. This total is in line with budget estimates for this period, although there are still variances within various programs
- The YTD actual Capital Expenditure is \$850,509 when compared to the YTD budget of \$2,071,414 a favourable variance of \$1,365,653. The variance is due to the timing of undertaking road and building works.

Statutory Requirements

Local Government Act 1995 (As amended)

Local Government (Financial Management) Regulations 1996 (As amended)

Relevant Council Policies

Significant accounting policies are adopted by Council on a periodic basis. These policies are used in the preparation of the statutory reports submitted to Council.

Strategic Plan Implications

Nil

Financial/Resource/Budget Implications

The January 2012 Financial Activity Statement shows variances in income and expenditure when compared with budget estimates.

Conclusion

The attached Financial Activity Statement for the period 1 July 2011 to 31 January 2012 is presented to the Council for information.

RECOMMENDATION

That the Financial Activity Statement for the period ending 1 July 2011 to 31 January 2012 be received.

The Acting Executive Manager Finance & Administration responded to questions on the timing of the purchase of the HACCC bus and also explained that the replacement of the CEO's vehicle had not been incorporated into the committed carry forward or allowed for in the carry forward for 2011/2012.

RECOMMENDATION TO COUNCIL**Cr de Jong – Mayor Ferris****That the Financial Activity Statement for the period ending 1 July 2011 to 31 January 2012 be received.** CARRIED**F8.3****2011/2012 Budget Review***By Bill Bond, Acting Executive Manager Finance & Administration, on 13 February 2012***PURPOSE**

The purpose of this report is to facilitate consideration of the 2011/12 Budget review.

BACKGROUND

Local Governments are required to conduct a budget review between 1 January and 31 March each financial year in accordance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 (as amended). The results of the budget review are to be submitted to Council within 30 days of the review [FM Regulation 33A



(2) and (3).] A copy of the review and Council's recommended solutions are to be forwarded to the Department of Local Government within 30 days of the Council meeting (Financial Regulation 33A(4)).

REPORT

This report, together with the financial information attached, form part of the budget review. A review has been carried out using actual figures as at 31 December 2011 and projected estimates to 30 June 2012. Included is a detailed breakdown of each program showing projections to 30 June 2012. It is proposed that budget amendments be made where the material variances have been listed in the budget reallocation column

ATTACHMENT

In respect to material variances, Council is required to establish materiality levels either as a percentage and/or dollar value as per Financial Management Regulation 34(5). These materiality levels are to be used in the preparation of monthly Financial Activity Statements and undertaking the annual Budget review. Council adopted materiality levels of 10% or \$10,000 whichever the greater, at the 12 April 2009 Council meeting.

SUMMARY

The review of the 2011/12 Budget has identified an estimated projected surplus of \$8,899 at 30 June 2012. As indicated in this report the main elements of this surplus are as follows:

Operating Revenue

Income of \$225,025 under budget, primarily as a consequence of capital grants not being received due to delays in projects being undertaken and a reduction in fees and charges income offset by a favourable variance in Grants Commission and Investment interest.

Operating Expenditure

Expenditure savings of \$63,971, under budget, primarily derived from savings in employees costs due to positions being vacant during the year, Town Planning administrative projects not starting, lower than budgeted administrative costs, offset by an overspend in reserve maintenance.

Capital Expenditure

An unfavourable expenditure variance. As most Capital Works projects are expected to be completed this year or the funding coming from Loans or Reserves the major impact on this area was the purchase of HACC Capital Equipment which was funded last year but the expenditure did not occur until November this year.

Surplus brought forward

The actual surplus brought forward from 2010/2011 is \$88,675 less than the estimated in the 2011/2012 adopted budget.

PROJECTED SURPLUS

After these adjustments are approved there will only be a small operating surplus of \$8,899.

NEW BUDGET REQUESTS

New budget item requests are as follows:

1. The light replacement at the Raceway Park playground was required because the existing light was found to be unauthorised (probably installed by the developers), potentially dangerous and not connected through a Town of East Fremantle meter box.



2. The East Fremantle Soccer Club grant which was rejected last year was re-submitted this year and accepted by the Department of Sport and Recreation. Council will be required to meet their third of the total price which is \$34,545.
3. The Tricolore Community Centre building which had some roof reconstruction in previous years was not included in the 2011/12 Budget, however a Federal funding grant for the PV Cells which Council received requires that this work be carried out prior to the installation of these cells.
4. Foreshore Stabilisation Project required Council to match the funding from the Swan River Trust, however was not included in the 2011/12 Budget.
5. The demolition of the old former East Fremantle Playgroup building was considered urgent and this was undertaken at a cost of \$10,633.

PROGRAM REVIEW

The following review, program by program, summarises the variances in Council's Operational and Capital Budgets.

Revenue

General Purpose Funding

This program represents rates, interest earned on investments and general purpose grants received from the West Australian Grants Commission.

There is a projected income surplus of \$126,500 at 30 June 2012, due to:

1. higher than expected rates raised on property improvements and associated fee income offset by:
2. additional interest on invested funds as a result of increasing interest rates.
3. Grants Commission income brought to account in 2011/12

Governance

This program represents income for general administration

There is a projected income surplus of \$16,000 at 30 June 2012, due to an increase in sundry income of \$16,000 due to the reimbursement advertising and insurance fees previously paid by the Town.

Law, Order and Public Safety

This program represents fire prevention, animal control, and Ranger Services.

There is a projected income deficit of \$4,000 at 30 June 2012.

Health

This program represents income in relation to environmental health control.

There is a projected income deficit of \$1,600 at 30 June 2012.

Education & Welfare

This program represents income for pre-school, HACC and the Glyde-In centre.

There is a projected income surplus of \$47,500 at 30 June 2012, which will come from previous years' surpluses to meet the increased expenditure.

Housing

This program represents income in relation to the Allen Street units.

There is no projected income surplus at 30 June 2012.

**12 March 2012****MINUTES*****Community Amenities***

This program represents income associated with the collection of household refuse and recycling; town planning, and community amenities.

There is a projected income surplus of \$41,008 at 30 June 2012, primarily due to additional commercial service charges for waste collection.

Recreation and Culture

This program represents swimming areas and rivers, general parks and reserves, and the East Fremantle Festival.

There is a projected income deficit of \$39,400 at 30 June 2012. This is due to an \$11,000 shortfall in mooring pen fees and the profit on the sale of equipment has not been as large as projected.

Transport

This program represents income associated with road and footpath works, parking facilities and the sale of road plant.

There is a projected income surplus of \$66,492 at 30 June 2012, due to grants for the Preston Point Rd project coming in the 2011/12 financial year.

Economic Services

This program represents building control.

There is a projected income deficit of \$43,000 at 30 June 2012, due to a reduction of \$40,000 in building fee and verge licence income. This is due to decreased activity in the volume of building licence applications.

Other Property and Services

This program represents Unclassified Expenditure.

There is a projected income deficit of \$5,000 at 30 June 2012, due to the lease on the Toy Library expiring in November 2011.

Expenditure***General Purpose Funding***

This program represents costs associated with the levying of rates.

There is a projected expenditure surplus of \$5,000 at 30 June 2012, due to a decrease in cost associated with levying rates.

Governance Expenses

This program represents expenditure for elected members and general administration

There is a projected expenditure surplus of \$61,500 at 30th June 2012, due to:

1. Members of Council surplus of \$6,500, including savings in election expenses and administration costs, offset by a
2. a reduction in General Administration costs allocated.

Law, Order and Public Safety

This program represents fire prevention, animal control, and ranger services.

There is a projected expenditure surplus of \$14,500 at 30 June 2012, due to a saving in operating wage costs across all areas.

Health

This program represents expenditure in relation to environmental health control.

**12 March 2012****MINUTES**

There is a projected expenditure surplus of \$2,599 at 30 June 2012, due to a saving in general operating costs.

Education and Welfare

This program represents expenditure for Pre-School and Kindergarten maintenance, the Home and Community Care program and the Glyde-In Centre.

There is a projected expenditure deficit of \$83,025 at 30 June 2012, due to higher operating cost for HACC and additional maintenance cost for Glyde-In. Any HACC additional expenditure will come from previous year surpluses.

Community Amenities

This program represents the collection of household refuse and recycling; the contribution to the South Metropolitan Regional Council, town planning, regional development and community amenities.

There is a projected expenditure deficit of \$45,999 at 30 June 2012, due to uncompleted town planning projects. Municipal Inventory \$50,000.

Recreation and Culture

This program represents swimming areas and rivers, general parks and reserves, library and the East Fremantle Festival.

There is a projected expenditure deficit of \$5,265 at 30 June 2012.

Transport

This program represents road and footpath maintenance, parking facilities and the purchase of road plant.

There is a projected expenditure surplus of \$40,663 at 30 June 2012. This over expenditure is due to additional maintenance work undertaken on roads, verges and drainage.

Economic Services

This program represents building control.

There is a projected expenditure surplus of \$2,000 at 30 June 2012, due to

Other Property and Services

This program represents public works overheads, plant operation costs and unclassified expenditure.

There is a projected expenditure surplus \$10,000 at 30th June 2012, due to an increase in general property maintenance expenses.

Capital Expenditure

All major capital expenditure is still listed to be undertaken this financial year with the deficit of \$201,633 arising from issues previously mentioned in this report.

Detailed budget reallocations

The following is a detailed list of projected budget variances. It is intended to undertake budget reallocations as per the amounts shown in the attached report by 31 March. The March Financial Activity Statement will show the revised budget against which budget variances will be calculated.

Reference was made to a list of queries submitted by the Mayor and the Acting Executive Manager Finance & Administration addressed those queries.



RECOMMENDATION

That Council:

1. maintain the materiality threshold for each program of activity at 10% or \$10,000, whichever the greater.
2. adopt this Budget Review report for 2011/12 financial year.
3. approve amendments to the Adopted 2011/12 Budget, in line with the financial projections to 30 June 2012 as detailed in the attached schedule.
4. approve the additional budget items as identified in this report.
5. incorporate the remaining surplus into the 2011/12 Budget deliberations.

RECOMMENDATION

Mayor Ferris – Cr Martin

That this item be held over to the Council Meeting to allow a further officer review of the budget incorporating:

1. **comments on variations discussed at Committee – particularly in relation to town planning and public works.**
2. **amendments on various items raised in the Mayor’s queries.**

CARRIED

F9. URGENT BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING

F9.1 Sculpture

In response to a proposal from Cr Wilson (attached) discussion took place regarding the purchase of a sculpture.

Mayor Ferris – Cr Martin

That a decision on this request be deferred pending the further budget review referred to in the previous item.

CARRIED

F10. CLOSURE OF MEETING

There being no further business, the meeting closed at 8.38pm.

*I hereby certify that the Minutes of the meeting of the **Finance Committee** of the Town of East Fremantle, held on **12 March 2012**, Minute Book reference **F1. to F10.** were confirmed at the meeting of the Committee on*

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Presiding Member