
CORPORATE & COMMUNITY SERVICES Reports

CORPORATE & COMMUNITY SERVICES REPORTS

12.0 REPORTS – CORPORATE & COMMUNITY SERVICES

ITEM NUMBER: 12.1.1

ITEM TITLE: LIST OF ACCOUNTS FOR PAYMENT

THE NATURE OF COUNCIL’S ROLE IN THIS MATTER:

Executive Function: Council setting strategic direction and overseeing the operational functions of the City.

File Number or Name of Ward : FIN 040 (All Wards)
Reporting Officer(s) : Senior Finance Officer (P Wignall)
Disclosure of Interest : Nil
Previous Reference : N/A
Bulletin Attachment(s) : List of Accounts for Payment

BACKGROUND

1. The List of Accounts for Payment is a list of the accounts which have been paid since the last report.

DISCUSSION

2. The Chief Executive Officer has delegated authority to pay accounts on behalf of Council, and a list of these accounts is to be presented to Council meetings and recorded in the minutes.
3. A summary of payments is as follows:

Municipal Fund			
Cheques		Totalling	\$221,663.68
Electronic Fund transfer		Totalling	\$3,449,760.16
Credit Cards		Totalling	\$8,190.65
Payroll		Totalling	<u>\$768,042.92</u>
		Total	\$4,447,657.41

4. As at the 31st December 2008, the total outstanding creditors, stands at \$249,817.36
5. Cancelled cheques – 24953-24957

PUBLIC CONSULTATION / ENGAGEMENT

6. Nil

GOVERNMENT CONSULTATION

7. Nil

CORPORATE & COMMUNITY SERVICES REPORTS

Item 12.1.1 continued.

STATUTORY IMPLICATIONS

8. Regulation 12(1)(a) of the Local Government (Financial Management) Regulations 1996, provides that payment may only be made from the Municipal Fund or a Trust Fund if the Local Government had delegated the function to the Chief Executive Officer or alternatively authorises payment in advance.
9. The Chief Executive Officer has delegated authority to authorise payments.
10. Regulation 13 of the Local Government (Financial Management) Regulations 1996 provides that if the function of authorising payments is delegated to the Chief Executive Officer then a list of payments should be presented to Council meetings and recorded in the minutes.

FINANCIAL IMPLICATIONS

11. The accounts for payment are in accordance with the adopted Annual Budget and approved amendments.

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

12. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

Community Vision:
Nil

Priority Goals and Objectives:
Goal 4: Governance..... The City of Albany will be an industry leader in good governance and service delivery.

Objective 4.1: The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.

City of Albany Mission and Values Statement:
At the City of Albany we apply Council funds carefully.

POLICY IMPLICATIONS

13. The City's 2008/09 Annual Budget applies to this item, as it provides a set of parameters that guides the City's financial.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

14. Nil

SUMMARY CONCLUSION

15. The list of accounts paid by delegated authority be received.

CORPORATE & COMMUNITY SERVICES REPORTS

Item 12.1.1 continued.

**ITEM 12.1.1 - OFFICER RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY**

THAT the list of accounts authorised for payment by the Chief Executive Officer as presented in the Elected Members Report / Information Bulletin be RECEIVED.

CORPORATE & COMMUNITY SERVICES REPORTS

ITEM NUMBER: 12.1.2
ITEM TITLE: **FINANCIAL ACTIVITY STATEMENT – Month Ending 31 December 2008**

THE NATURE OF COUNCIL’S ROLE IN THIS MATTER:

Executive Function: Council setting strategic direction and overseeing the operational functions of the City.

File Number or Name of Ward : FIN 040 (All Wards)
Summary of Key Points : Detailed Statement of Financial Activity reporting on the revenue and expenditure of the City of Albany for the reporting period ending 31 December 2008.
Reporting Officer(s) : Senior Finance Officer (P Wignall)
Disclosure of Interest : Nil
Previous Reference : N/A
Bulletin Attachment(s) : Nil

BACKGROUND

1. In accordance with section 34(1) of the Local Government (Financial Management) Regulations 1996, the City of Albany is required to prepare each month a Statement of Financial Activity reporting on the revenue and expenditure of the local authority.
2. The requirement for local governments to produce a Statement of Financial Activity was gazetted in March 2005 to provide Council with a greater insight in relation to the ongoing financial performance of the local government.
3. Additionally, each year a local government is to adopt a percentage or value to be used in Statements of Financial Activity for reporting material variances. For the financial year 2008/09 variations in excess of 10% are reported to the Council.

DISCUSSION

4. The Statement of Financial Activity for the period ending 31st December 2008 has been prepared and is listed below.
5. In addition to the statutory requirement to provide the elected group with a Statement of Financial Performance, the City provides the Council with a monthly investment summary to ensure the performance of the investment portfolio is in accordance with anticipated returns and complies with the Investment of Surplus Funds Policy.

STATEMENT OF FINANCIAL ACTIVITY – AS AT 31st DECEMBER 2008

6. See appendix 1 to report item 12.1.2

CITY OF ALBANY - BALANCE SHEET

7. See appendix 2 to report item 12.1.2

CORPORATE & COMMUNITY SERVICES REPORTS

Item 12.1.2 continued.

INVESTMENT SUMMARY & COMMENT

8. During December 2008 updated valuations for some CDOs were received from Lehmans through the City's solicitors. Valuations for Floating Rate Notes (FRN) and remaining Collateralised Debt Obligations (CDOs) are unchanged from those reported in November 2008, being the capital value estimate from the City's investment advisors (Grove Research and Advisory) plus accrued interest. Credit market conditions continue to be of concern, with very few transactions available to provide reliable value estimates. The investment estimates indicate an \$818,000 reduction from the estimates provided in November. Loss mitigation efforts are continuing through the City's solicitors in Sydney, Lehman's Receiver and the Trustee of four CDOs in London. Termination of four London funds by the Trustee may result in a better than carrying value result in early 2009.
9. See appendix 4 to report item 12.1.2.

PUBLIC CONSULTATION / ENGAGEMENT

10. Nil

GOVERNMENT CONSULTATION

11. Nil

STATUTORY IMPLICATIONS

12. Section 34 of the Local Government (Financial Management) Regulations 1996 provides:
 - I. *A local government is to prepare each month a statement of financial activity reporting on the source and application of funds, as set out in the annual budget under regulation 22 (1)(d), for that month in the following detail –*
 - a) *annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);*
 - b) *budget estimates to the end of the month to which the statement relates;*
 - c) *actual amounts of expenditure, revenue and income to the end of the month to which the statement relate*
 - d) *material variances between the comparable amounts referred to in paragraphs (b) and (c); and*
 - e) *the net current assets at the end of the month to which the statement relates.*
 - II. *Each statement of financial activity is to be accompanied by documents containing –*
 - a) *an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;*
 - b) *an explanation of each of the material variances referred to in sub regulation (1)(d);*
 - c) *such other supporting information as is considered relevant by the local government.*
 - III. *The information in a statement of financial activity may be shown –*
 - a) *according to nature and type classification;*
 - b) *by program; or*
 - c) *by business unit*

CORPORATE & COMMUNITY SERVICES REPORTS

Item 12.1.2 continued.

- IV. *A statement of financial activity, and the accompanying documents referred to in sub regulation (2), are to be —*
 (a) *presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and*
 (b) *recorded in the minutes of the meeting at which it is presented.*

FINANCIAL IMPLICATIONS

13. Year to date expenditure has been incurred in accordance with the 2008/09 budget parameters with variations in excess of 10% detailed below. A quarterly review was carried out in September 2008, and current budgets have been adjusted in accordance with approved amendments.

Section of Financial Activity Statement	Reason for Variation	Total Variation Amount
Operating Revenue No material variances		
Operating Expenditure Utility Charges	ALAC power charges \$78,683 over budget. Under review by power consultant and decision pending on alternative supplier.	\$102,814 (increase)
Capital Revenue Capital Contributions	Works contributions for future years – offset by transfers to reserves	\$203,835 (increase)
Capital Expenditure No material variances		

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

14. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

“Community Vision:

Nil

Priority Goals and Objectives:

Goal 4: Governance..... The City of Albany will be an industry leader in good governance and service delivery.

Objective 4.1: The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.

City of Albany Mission and Values Statement:

At the City of Albany we apply Council funds carefully.”

POLICY IMPLICATIONS

15. The City’s 2008/09 Annual Budget applies to this item, as it provides a set of parameters that guides the City’s financial practices. Given that the expenditure for the reporting period has been incurred in accordance with the 2008/09 budget parameters and any major variations are due to timing issues only, it is recommended that the Statement of Financial Activity be received.

CORPORATE & COMMUNITY SERVICES REPORTS

Item 12.1.2 continued.

16. The Investment of Surplus Funds Policy applies to this item, as this policy stipulates that the status and performance of the investment portfolio is to be reported monthly to Council.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

17. Nil

SUMMARY CONCLUSION

18. Nil

ITEM 12.1.2 - OFFICER RECOMMENDATION

VOTING REQUIREMENT: SIMPLE MAJORITY

THAT Council RECEIVES the Financial Activity Statement for the period ending 31st December 2008.

CORPORATE & COMMUNITY SERVICES REPORTS

APPENDIX 2

CITY OF ALBANY

BALANCE SHEET

31-Dec-08

	Actual 31-Dec-08	Budget 30-Jun-09	Actual 30-Jun-08
CURRENT ASSETS			
Cash - Municipal	10,554,046	1,853,283	574,704
Restricted cash (Trust)	1,935,496	1,778,000	1,824,396
Reserve Funds - Financial Assets (at market)	4,033,738	2,700,000	4,246,363
Reserve Funds - Other	3,287,268	951,095	6,904,276
Receivables & Other	6,265,543	1,753,371	1,865,213
Investment Land	46,400	160,000	46,400
Stock on hand	757,307	720,000	799,624
	26,879,798	9,915,749	16,260,976
CURRENT LIABILITIES			
Borrowings	506,666	1,263,000	1,023,215
Creditors prov - Annual leave & LSL	1,843,210	2,230,000	1,692,860
Trust Liabilities	1,889,224	1,748,000	1,778,124
Creditors prov & accruals	1,112,801	2,877,047	3,362,517
	5,351,901	8,118,047	7,856,716
NET CURRENT ASSETS	21,527,897	1,797,702	8,404,260
NON CURRENT ASSETS			
Receivables	152,865	106,549	152,865
Pensioners Deferred Rates	265,945	263,870	265,945
Investment Land	2,150,000	2,005,000	2,150,000
Property, Plant & Equip	65,778,343	263,020,245	63,312,024
Infrastructure Assets	179,262,548		183,067,893
Local Govt House Shares	19,501	19,501	19,501
	247,629,201	265,415,165	248,968,228
NON CURRENT LIABILITIES			
Borrowings	23,384,572	25,721,573	23,384,572
Creditors & Provisions	208,850	150,000	217,433
	23,593,422	25,871,573	23,602,006
NET ASSETS	245,563,676	241,341,294	233,770,483
EQUITY			
Accumulated Surplus	218,726,950	218,415,565	202,313,885
Reserves	8,062,092	4,151,095	12,681,963
Asset revaluation Reserve	18,774,634	18,774,634	18,774,634
	245,563,676	241,341,294	233,770,483

CORPORATE & COMMUNITY SERVICES REPORTS

APPENDIX 1

**STATEMENT OF FINANCIAL ACTIVITY
YEAR TO DATE**

31-Dec-08

Original Budget 08/09	Current Budget 08/09		Actual Year to Date 31-Dec-08	Current Budget Year to Date 31-Dec-08	Current Budget vs Actual Variance
		REVENUE			
3,597,831	3,640,537	Operating Grants, Subsidies and Cont	1,813,396	1,803,252	10,144
7,095,514	7,167,550	Fees and Charges	3,531,177	3,357,113	174,064
2,649,000	2,649,000	Service Charges	2,690,151	2,649,000	41,151
608,000	677,416	Interest Earnings	480,794	467,416	13,378
324,500	343,525	Other Revenue	277,758	259,945	17,813
14,274,845	14,478,028		8,793,276	8,536,726	256,550
		EXPENDITURE			
13,853,782	13,811,360	Employee Costs	6,745,564	6,891,221	(145,658)
12,263,994	12,150,126	Materials and Contracts	4,990,848	5,062,082	(71,234)
755,110	1,110,640	Utility Charges	587,453	484,639	102,814
1,332,219	1,332,216	Interest Expenses	627,644	619,194	8,450
483,839	495,309	Insurance Expenses	445,194	480,309	(35,115)
(321,579)	(279,929)	Other Expenditure	24,708	23,719	989
10,653,000	10,726,639	Depreciation	5,348,585	5,354,195	(5,610)
39,020,365	39,346,361		18,769,996	18,915,359	(145,363)
		Adjustment for Non-cash Revenue and Expenditure:			
(10,653,000)	(10,726,639)	Depreciation	(5,348,585)	(5,354,195)	5,610

ORDINARY COUNCIL MEETING AGENDA – 20/01/2009

REFER DISCLAIMER

CORPORATE & COMMUNITY SERVICES REPORTS

		CAPITAL REVENUE			
9,527,112	9,355,248	Non-Operating Grants, Subsidies and Cont	1,860,466	1,656,631	203,835
6,285,116	2,235,116	Proceeds from asset disposals	626,892	626,000	892
5,100,000	5,100,000	Proceeds from New Loans	0	0	0
46,230	46,230	Self-Supporting Loan Principal Revenue	22,547	23,115	(568)
7,459,666	8,925,571	Transfers from Reserves (Restricted Assets)	6,275,571	6,275,571	0
28,418,124	25,662,165		8,785,476	8,581,317	204,159
		CAPITAL EXPENDITURE			
26,586,266	26,625,359	Purchase Plant, Equipment and Infrastructure	4,710,020	4,525,742	184,278
2,523,215	2,523,215	Repayment of Loans	516,549	511,604	4,945
2,146,413	1,547,913	Transfers to Reserves (Restricted Assets)	1,655,700	1,547,913	107,787
31,255,894	30,696,487		6,882,269	6,585,259	297,010
2,200,000	0	Estimated Surplus B/fwd			
		DEDUCT: 0708 Interest Accrual	(45,369)		
		ADD Net Current Assets July 1 B/fwd	(1,815,676)	n/a	n/a
		LESS Net Current Assets Year to Date	14,652,175	n/a	n/a
19,130,290	19,180,290	Amount Raised from Rates	(19,238,148)	(19,087,792)	(150,356)

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APPENDIX 3

INCOME STATEMENT FOR THE PERIOD ENDED

31-Dec-08

Nature / Type	YTD Actual 2008/09	Budget-Total 2008/09	Actual 2007/2008
INCOME			
Rates	19,238,148	19,130,290	17,915,530
Grants & Subsidies	1,589,340	3,278,000	3,071,233
Contributions. Reimb & Donations	224,056	319,831	452,799
Fees & Charges	3,531,177	7,095,514	5,100,832
Service Charges	2,690,151	2,649,000	2,517,352
Interest Earned	480,794	608,000	739,330
Other Revenue / Income	277,758	324,500	920,121
	28,031,424	33,405,135	30,717,198
EXPENDITURE			
Employee Costs	6,745,564	13,853,782	12,212,590
Utilities	587,453	755,110	748,982
Interest Expenses	627,644	1,332,219	1,169,598
Depreciation on non current assets	5,348,585	10,653,000	9,672,516
Contracts & materials	4,990,848	12,263,994	9,681,306
Insurance expenses	445,194	483,839	443,417
Other Expenses	24,708	(321,579)	487,688
	18,769,996	39,020,365	34,416,097
Change in net assets from operations	9,261,428	(5,615,230)	(3,698,900)
Grants and Subsidies - non-operating	1,495,537	4,520,812	4,262,556
Contributions Reimbursements and Donations - non-operating	364,929	5,006,300	10,734,755
Profit/Loss on Asset Disposals	(73,570)	4,291,116	804,688
Fair value - Investments adjustment	744,869		(1,531,324)
	11,793,193	8,202,998	10,571,775

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APPENDIX 4

Portfolio Valuation - Market Value

Summary of Invested Funds

Dec 08

Security	Original Credit Rating	Current Credit Rating	Maturity Date	Volume Held	Security Cost (incl accrued Int)	Current Interest %	Market Value	Market Value	Market Value	Latest Monthly Variation
							Jun-08	Nov-08	Dec-08	
							(Annual Accounts)			
<u>MUNICIPAL ACCOUNT</u>										
- BANK - TERM DEPOSITS										
Bendigo	A2		12/11/2008		2,000,000	7.62%				
Bendigo	A2		25/11/2008		1,000,000	7.75%				
Bendigo	A2		18/12/2008		3,000,000	7.92%		3,000,000		
Bankwest	A1		25/11/2008		2,000,000	7.75%				
Bankwest	A1		18/12/2008		3,000,000	7.80%		3,000,000		
CBA	A1		25/11/2008		1,500,000	7.15%				
Bendigo	A2		13/02/2009		2,037,578	6.90%		2,037,578		
Bankwest	A1		29/12/2008		2,039,219	5.30%		2,039,219		
CBA	A1		29/12/2008		1,000,000	4.58%		1,000,000		
Bendigo	A2		13/02/2009		1,044,416	5.40%				1,044,416
Bendigo	A2		13/02/2009		1,000,000	6.90%				1,000,000
Westpac	A1		16/02/2009		1,000,000	5.12%				1,000,000
NAB	A1		18/03/2009		1,000,000	5.60%				1,000,000
NAB	A1		18/03/2009		1,000,000	4.90%				1,000,000
ANZ	A1		18/03/2009		1,000,000	5.50%				1,000,000
ANZ	A1		28/01/2009		500,000	4.05%				500,000
CBA	A1				1,004,266	4.25%				1,004,266
					25,125,479			11,076,797	7,548,682	n/a

ORDINARY COUNCIL MEETING AGENDA – 20/01/2009

REFER DISCLAIMER

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RESERVES ACCOUNT

BANK - TERM DEPOSITS

Bendigo bank - Term Deposit	A2		17/11/2008		1,078,731	8.12%	1,118,642			
Bankwest	A1		7/11/2008		1,035,300	6.90%				
Bendigo bank - Term Deposit	A2		16/02/2009		1,163,934	6.25%		1,163,934		
Bankwest	A1		5/02/2009		1,041,172	6.40%		1,041,172		
Bendigo bank - Term Deposit	A2				1,166,688	4.75%			1,166,688	
Bankwest	A1				1,041,172	5.40%			1,041,172	
							1,118,642	2,205,106	2,207,860	n/a

COMMERCIAL SECURITIES - FRNs

Suncorp Metway FRN	A		22/06/2018	500,000	503,090	7.66%	484,665	498,890	492,579	(6,311)
Suncorp Metway Sub Debt	A		22/06/2018	800,000	802,272	8.17%	761,733	784,220	773,093	(11,126)
St George Bank Sub Debt	A+		26/07/2016	500,000	506,660	8.06%	484,208	496,014	499,436	3,423
Macquarrie Bank Sub Debt	A		15/09/2014	500,000	503,325	8.14%	454,057	444,824	448,060	3,236
ANZ Principal Protected Yield Curve	AA	Paid in full	17/07/2017	200,000	200,000	8.25%	175,725	Retrieved	Retrieved	
					2,515,347		2,360,388	2,223,947	2,213,168	(10,779)

COMMERCIAL SECURITIES - CDOs

Saphir (Endeavour) AAA	AAA	Not avail	4/08/2011	400,000	413,160	9.10%	357,505	356,597	240,000	(116,597)
Magnolia (Flinders AA)	AA	Not avail	20/03/2012	170,000	171,994	9.32%	129,634	133,536	130,934	(2,602)
Zircon (Merimbula AA)	AA	C	20/06/2013	500,000	502,450	8.87%	212,965	164,134	167,901	3,767
Zircon (Coolangatta AA)	AA-	C	20/09/2014	1,000,000	1,002,060	9.12%	368,999	324,321	130,000	(194,321)
Start (Blue Gum AA-)	AA-	CCC+ Neg	22/06/2013	275,000	276,708	8.77%	151,847	148,758	49,500	(99,258)
Corsair (Kakadu AA)	B+	Fitch	20/03/2014	275,000	273,710	8.37%	128,952	124,116	35,750	(88,366)
Helium (C=Scarborough AA)	BBB-	CCC+	23/06/2014	600,000	602,244	8.77%	335,612	347,489	90,000	(257,489)
Beryl (AAAGlobal Bank Note)	AAA	CCC- Neg	20/09/2014	200,000	200,376	8.42%	163,561	162,567	110,000	(52,567)
					3,442,702		1,849,075	1,761,519	954,084	(807,435)

SUB PRIME MORTGAGES

SPRC (Federation AAA)	CCC	Paid in full	10/02/2047	500,000	505,230	8.32%	36,900	Retrieved	Retrieved	
					505,230		36,900			

PORTFOLIO TOTAL

5,365,005 17,267,369 12,923,795 (818,213)

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12.2 – ADMINISTRATION

Nil

12.3 – LIBRARY SERVICES

Nil

12.4 – DAY CARE CENTRE

Nil

12.5 – TOWN HALL

Nil

12.6 – RECREATION SERVICES

Nil

12.7 – VISITORS CENTRE

Nil

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12.8 – CORPORATE & COMMUNITY SERVICES COMMITTEE

ITEM NUMBER: 12.8.1

ITEM TITLE: SENIORS ADVISORY COMMITTEE MEETING MINUTES – 20th November 2008

File Number or Name of Ward : MAN 131 (All Wards)
Summary of Key Points : Receive the minutes of the Seniors Advisory Committee.
Reporting Officer(s) : Community Development Officer (G Martin)
Disclosure of Interest : Nil
Bulletin Attachment(s) : Committee minutes dated 20th November 2008

ITEM 12.8.1 - COMMITTEE RECOMMENDATION

VOTING REQUIREMENT: SIMPLE MAJORITY

THAT the CONFIRMED minutes of the Senior Advisory Committee held on the 20th November 2008 be RECEIVED (copy of minutes are in the Elected Members Report/Information Bulletin).

CORPORATE & COMMUNITY SERVICES REPORTS

ITEM NUMBER: 12.8.2

ITEM TITLE: SENIORS ADVISORY COMMITTEE MEETING MINUTES – 18th December 2008

File Number or Name of Ward : MAN 131 (All Wards)
Summary of Key Points : Receive the minutes of the Seniors Advisory Committee.
Reporting Officer(s) : Community Development Officer (G Martin)
Disclosure of Interest : Nil
Bulletin Attachment(s) : Committee minutes dated 18th December 2008

ITEM 12.8.2 - COMMITTEE RECOMMENDATION

VOTING REQUIREMENT: SIMPLE MAJORITY

THAT the UNCONFIRMED minutes of the Senior Advisory Committee held on the 18th December 2008 be RECEIVED (copy of minutes are in the Elected Members Report/Information Bulletin).
