

**4.2: FINANCIAL ACTIVITY STATEMENT – JANUARY 2013**

**Responsible Officer** : Executive Director Corporate Services (G Adams)

**IN BRIEF**

- Statement of Financial Activity reporting on the revenue and expenditure of the City of Albany for the reporting period ending 31 January 2013.

**ITEM 4.2: RESOLUTION  
VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED: COUNCILLOR GREGSON  
SECONDED: COUNCILLOR BOWLES**

**The Financial Activity Statement for the period ending 31 January 2013 be RECEIVED.**

**CARRIED 12-0**

**BACKGROUND**

1. The Statement of Financial Activity for the period ending 31 January 2013 has been prepared and is attached.
2. In addition to the statutory requirement to provide Council with a Statement of Financial Activity, the City provides 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.

**DISCUSSION**

3. 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.
4. The requirement for local governments to produce a Statement of Financial Activity was gazetted in March 2005 to provide elected members with a greater insight in relation to the ongoing financial performance of the local government.
5. 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. Variations in excess of \$50,000 are reported to Council.

*“Please note that rounding errors may occur when whole numbers are used, as they are in the reports that follow. The ‘errors’ may be \$1 or \$2 when adding sets of numbers. This does not mean that the underlying figures are incorrect.”*

**STATUTORY IMPLICATIONS**

6. 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); and
    - 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
  - 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**

Expenditure for the period ending 31 January 2013 has been incurred in accordance with the 2012/13 proposed budget parameters. Details of any budget variation in excess of \$50,000 (year to date) follow. There are no other known events which may result in a material non recoverable financial loss or financial loss arising from an uninsured event.

**POLICY IMPLICATIONS**

7. The City's 2012/13 Annual Budget provides a set of parameters that guides the City's financial practices.
8. The Investment of Surplus Funds Policy stipulates that the status and performance of the investment portfolio is to be reported monthly to Council.

<b>File Number (Name of Ward)</b>	FM.FIR.2 - All Wards
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# **City of Albany**

## **MONTHLY FINANCIAL REPORT**

**For the Period Ended 31st January 2013**

ITEM 4.2 OF THE ORDINARY COUNCIL MEETING

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Statement of Financial Activity

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AGENDA ITEM 4.2 REFERS

City of Albany  
STATEMENT OF FINANCIAL ACTIVITY  
(Nature or Type)  
For the Period Ended 31st January 2013

Note	Original Annual Budget	Revised Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 3	Var. % (b)-(a)/(b) 3	
<b>Operating Revenues</b>		\$	\$	\$	\$	%	
Grants & Subsidies	2,732,950	2,725,277	935,092	917,215	(17,877)	(1.9%)	
Contributions, Donations & Reimbursements	373,610	434,000	313,254	490,853	177,600	36.2%	▲
Fees and Charges	14,432,869	14,360,669	10,442,958	10,716,339	273,381	2.6%	▲
Interest Earnings	825,368	825,368	563,496	614,888	51,392	8.4%	▲
Other Revenue	115,000	65,000	8,750	44,385	35,635	80.3%	
<b>Total (Excluding Rates)</b>	<b>18,479,797</b>	<b>18,410,314</b>	<b>12,263,550</b>	<b>12,783,681</b>	<b>520,131</b>		
<b>Operating Expense</b>							
Employee Costs	(18,739,930)	(19,125,926)	(10,714,588)	(10,720,676)	(6,088)	(0.1%)	
Materials and Contracts	(14,259,030)	(14,505,503)	(7,123,520)	(6,637,789)	485,731	7.3%	▼
Utilities Charges	(1,729,483)	(1,728,983)	(959,240)	(945,561)	13,679	1.4%	
Depreciation (Non-Current Assets)	(11,812,900)	(11,812,900)	(6,888,084)	(6,888,084)	0	0.0%	
Interest Expenses	(909,431)	(909,431)	(420,780)	(407,172)	13,608	3.3%	
Insurance Expenses	(722,187)	(722,187)	(421,113)	(389,644)	31,469	8.1%	
Loss on Asset Disposal	(269,049)	(269,049)	0	0	0	0.0%	
Other Expenditure	(1,721,311)	(1,857,191)	(703,390)	(685,983)	17,407	2.5%	
Less Allocated to Infrastructure	446,022	446,022	283,485	581,400	297,915	(51.2%)	
<b>Total</b>	<b>(49,717,299)</b>	<b>(50,485,148)</b>	<b>(26,947,230)</b>	<b>(26,093,509)</b>	<b>555,806</b>		
<b>Contributions for the Development of Assets</b>							
Grants & Subsidies	6,994,797	10,276,251	3,527,181	3,542,568	15,387	0.4%	
Contributions, Donations & Reimbursements	2,500,000	2,969,480	175,000	175,075	75	0.0%	
<b>Net Operating Result Excluding Rates</b>	<b>(21,742,705)</b>	<b>(18,829,103)</b>	<b>(10,981,499)</b>	<b>(9,592,186)</b>	<b>1,091,324</b>		
<b>Funding Balance Adjustment</b>							
Add Back Depreciation	11,812,900	11,812,900	6,888,084	6,888,084	0	0.0%	
Adjust (Profit)/Loss on Asset Disposal	269,049	269,049	0	0	0	0.0%	
<b>Funds Demanded From Operations</b>	<b>(9,660,756)</b>	<b>(6,747,154)</b>	<b>(4,093,415)</b>	<b>(2,704,102)</b>	<b>1,091,324</b>		
<b>Capital Revenues</b>							
Proceeds from Disposal of Assets	2,543,100	2,543,100	519,169	514,753	(4,416)	(0.9%)	
<b>Total</b>	<b>2,543,100</b>	<b>2,543,100</b>	<b>519,169</b>	<b>514,753</b>	<b>(4,416)</b>		
<b>Acquisition of Fixed Assets</b>							
Land Held for Resale	0	0	0	0	0	0.0%	
Land and Buildings	(3,487,640)	(3,508,952)	(413,805)	(181,568)	232,237	127.9%	▼
Plant and Equipment	(4,522,518)	(4,427,518)	(2,014,804)	(2,002,606)	12,198	0.6%	
Furniture and Equipment	(464,700)	(466,900)	(131,595)	(90,827)	40,768	44.9%	
Infrastructure Assets - Roads	(7,726,442)	(8,007,991)	(2,675,540)	(1,394,297)	1,281,243	91.9%	▼
Infrastructure Assets - Other	(8,207,641)	(11,936,483)	(3,352,541)	(1,524,722)	1,827,819	119.9%	▼
<b>Total</b>	<b>(24,408,941)</b>	<b>(28,347,844)</b>	<b>(8,588,285)</b>	<b>(5,194,019)</b>	<b>3,394,265</b>		
<b>Financing/Borrowing</b>							
Debt Redemption	(1,586,608)	(1,586,608)	(409,513)	(403,532)	5,981	1.5%	
Self-Supporting Loan Principal	0	0	0	5,997	5,997	100.0%	
<b>Total</b>	<b>(1,586,608)</b>	<b>(1,586,608)</b>	<b>(409,513)</b>	<b>(397,535)</b>	<b>11,978</b>		
<b>Demand for Resources</b>	<b>(33,113,205)</b>	<b>(34,138,506)</b>	<b>(12,572,044)</b>	<b>(7,780,903)</b>	<b>4,493,151</b>		
<b>Restricted Funding Movements</b>							
Opening Funding Surplus(Deficit)	2,589,921	2,973,800	2,973,800	2,982,441	8,641	(0.3%)	
Transfer to Restricted Cash Funds - Grants	85,000	794,991	0	0	0	0.0%	
Transfer to Reserves	(2,765,935)	(2,765,935)	(91,980)	(103,492)	(11,512)	(11.1%)	
Transfer from Reserves	6,097,197	6,089,833	0	0	0	0.0%	
Rate Revenue	27,107,022	27,107,022	27,027,811	27,020,983	(6,828)	(0.0%)	
<b>Closing Funding Surplus(Deficit)</b>	<b>0</b>	<b>61,205</b>	<b>17,337,587</b>	<b>22,119,029</b>	<b>4,483,452</b>		

**City of Albany**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st January 2013**

**Note 1: NET CURRENT FUNDING POSITION**

		Positive=Surplus (Negative=Deficit)		
		2012-13		
Note	This Period	Last Period	Same Period Last Year	
	\$	\$	\$	
<b>Current Assets</b>				
Cash Unrestricted	23,090,669	23,445,104	22,281,015	
Cash Restricted	8,231,780	8,209,295	4,295,359	
Receivable - Rates and Rubbish	4,659,533	7,422,854	4,398,160	
Receivables - Other	2,549,112	2,599,245	1,780,455	
Investment Land	1,312,138	1,312,138	2,256,240	
Stock on Hand	502,340	529,036	733,497	
	<b>40,345,571</b>	<b>43,517,672</b>	<b>35,744,726</b>	
<b>Less: Current Liabilities</b>				
Payables	(4,907,126)	(5,701,184)	(7,670,659)	
Income in advance	(153,882)	(120,494)	0	
Provisions	(2,853,236)	(2,761,158)	(4,535,007)	
Retentions	(25,222)	(25,222)	0	
	<b>(7,939,465)</b>	<b>(8,608,057)</b>	<b>(12,205,666)</b>	
Add Back: Loans	2,883,074	2,899,830	6,710,066	
Less: Cash Restricted	(9,110,489)	(9,088,005)	(5,315,734)	
Restricted Other - Unspent Grants	(2,753,521)	(2,753,521)	0	
Self Supporting Loans	5,997			
Investment land	(1,312,138)	(1,312,138)	(2,256,240)	
<b>Net Current Funding Position</b>	<b>22,119,029</b>	<b>24,655,781</b>	<b>22,677,152</b>	

**City of Albany**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st January 2013**

**Note 2: CASH AND INVESTMENTS**

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Investments \$	Total Amount \$	Institution	Maturity Date
(a) <b>Cash Deposits</b>								
Transactional Accounts		5,182,257	7,877,647	908,412	285,362	14,253,677	Commonwealth	Call
(b) <b>Term Deposits</b>								
At Call	BBSW+1.75%	2,000,000				2,000,000	ANZ	Call
At Call	BBSW	4,000,000				4,000,000	NAB	Call
At Call	BBSW	3,000,000				3,000,000	Commonwealth	Call
TD 40714	4.85%	3,000,000				3,000,000	ANZ	4/02/2013
TD 33768604	4.01%	2,000,000				2,000,000	Commonwealth	5/02/2003
TD 4081410	4.45%	2,000,000				2,000,000	Bankwest	4/02/2013
TD 9926	4.65%	1,000,000				1,000,000	NAB	28/05/2013
(c) <b>Investments</b>								
Corsair	BBSW+1%				68,771	68,771	Corsair (Kakadu)	20/03/2014
<b>Total</b>		<b>22,182,257</b>	<b>7,877,647</b>	<b>908,412</b>	<b>354,133</b>	<b>31,322,448</b>		

**City of Albany**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st January 2013**

**Note 3: MAJOR VARIANCES**

**Comments/Reason for Variance in excess of \$50,000**

**3.1 OPERATING REVENUE (EXCLUDING RATES)**

**3.1.1 GRANTS & SUBSIDIES**

Under variance threshold

**3.1.2 CONTRIBUTIONS, DONATIONS & REIMBURSEMENTS**

This variance is due to a number of smaller individual variances. Insurance reimbursements, workers compensation payment reimbursement, and some smaller sundry grant/sponsorship funding being received.

**3.1.3 FEES AND CHARGES**

With the legislated changes to the airport screening process, and increase in passenger levy, there was some degree of uncertainty about the impact this would have on airport usage and revenue. The budgeted revenue was set at the lower end of expectations. This has been exceeded year-to-date. However, there has been a timing delay in receiving the invoice for the security screening contract, so the increase in expenses has not been fully reflected in the Operating Expenses.

**3.1.4 INTEREST EARNINGS**

Interest earnings on rate instalment payments exceed budget, but similar to last year. Budget estimates for this item are very conservative, due to the uncertainty during budget preparation regarding the interest rate chargeable under amended Local Government regulations being proposed at the time.

**3.1.5 OTHER REVENUE**

Under variance threshold

**3.2 OPERATING EXPENSES**

**3.2.1 EMPLOYEE COSTS**

Under variance threshold

**3.2.2 MATERIAL AND CONTRACTS**

Timing in receipt of waste contract invoice, the verge hard waste collection has just been completed, but not yet invoiced, with an extra 150 ton of rubbish compared to last year collected. Road and other infrastructure maintenance under budget year to date, due to wet weather in the first quarter of the year. Expect this activity to increase over the summer months. Also a timing delay in the invoicing for airport screening contract.

**3.2.3 UTILITY CHARGES**

Under variance threshold

**3.2.4 DEPRECIATION (NON CURRENT ASSETS)**

Under variance threshold

**3.2.5 INTEREST EXPENSES**

Under variance threshold

**3.2.6 INSURANCE EXPENSES**

Under variance threshold

**3.2.7 LOSS ON ASSET DISPOSAL**

Under variance threshold

**3.2.8 OTHER EXPENDITURE**

Under variance threshold

**3.2.9 LESS ALLOCATED TO INFRASTRUCTURE**

Additional internal resources used for capital works.

**City of Albany**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st January 2013**

**Note 3: MAJOR VARIANCES**

<b>Comments/Reason for Variance in excess of \$50,000</b>
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**3.3 CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS****3.3.1 GRANTS & SUBSIDIES**

Under variance threshold

**3.3.2 CONTRIBUTIONS, DONATIONS & REIMBURSEMENTS**

Under variance threshold

**3.4 CAPITAL REVENUES****3.4.1 PROCEEDS FROM DISPOSAL OF ASSETS**

Under variance threshold

**3.5 ACQUISITION OF FIXED ASSETS****3.5.1 LAND AND BUILDINGS**

This is primarily the airport upgrade. Capital works will continue, however the timing of these works is difficult to estimate. If these works are not completed this year, they will be done during 2013/14.

**3.5.2 PLANT AND EQUIPMENT**

Under variance threshold

**3.5.3 FURNITURE AND EQUIPMENT**

Under variance threshold

**3.5.4 INFRASTRUCTURE ASSETS - ROADS**

Many infrastructure projects are weather dependent. Once dry weather has started roads projects can commence on a bigger scale. Gravel resheets totalling \$380 000 to commence in March. Work is in progress for road projects worth \$1.595 million, expected to be on track and completed soon.

**3.5.5 INFRASTRUCTURE ASSETS - OTHER**

Subject to budget review (not reflected in this months accounts) due to funding received for bike path network. As this requires council co-contribution, some fund reallocation from other projects will be required. North Rd/Sanford Rd intersection drainage work has commenced, so while under budget at January month end, with budget review and commencement of a number of projects, budget should be on track over the next 2 - 3 months. Work on Hanrahan Rd landfill site has also commenced, expected to be completed by 30 May. However, no invoices have yet been received for this.

**3.6 FINANCING/BORROWING****3.6.1 DEBT REDEMPTION**

Under variance threshold

**3.6.2 SELF-SUPPORTING LOAN PRINCIPAL**

Under variance threshold

**3.7 RESTRICTED FUNDING MOVEMENTS****3.7.1 OPENING FUNDING SURPLUS(DEFICIT)**

Under variance threshold

**3.7.2 TRANSFER TO RESTRICTED CASH FUNDS - GRANTS**

Under variance threshold

**5.7.3 TRANSFER TO RESERVES**

Under variance threshold

**5.7.4 TRANSFER FROM RESERVES**

Under variance threshold

**5.7.5 RATE REVENUE**

Under variance threshold