

4.2: FINANCIAL ACTIVITY STATEMENT – 31 MARCH 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 March 2013.

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

**MOVED: COUNCILLOR BOWLES
SECONDED: COUNCILLOR DOWLING**

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

CARRIED 12-0

BACKGROUND

1. The Statement of Financial Activity for the period ending 31 March 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

7. Expenditure for the period ending 31 March 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

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

File Number (Name of Ward)	FM.FIR.2 - All Wards
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City of Albany
MONTHLY FINANCIAL REPORT
For the Period Ended 31st March 2013
ITEM 4.2 OF THE ORDINARY COUNCIL MEETING

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

	Note	Original Annual Budget	Revised Annual Budget 4	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 3	Var. % (b)-(a)/(b) 3	
Operating Revenues			\$	\$	\$	\$	%	
Grants & Subsidies		2,732,950	2,732,527	1,481,846	1,445,740	(36,105)	(2.5%)	
Contributions, Donations & Reimbursements		373,610	774,713	583,930	715,242	131,311	18.4%	▲
Fees and Charges		14,432,869	14,521,262	12,284,994	12,556,355	271,361	2.2%	▲
Interest Earnings		825,368	902,743	828,810	873,572	44,762	5.1%	
Other Revenue		115,000	107,500	50,250	46,064	(4,186)	(9.1%)	
Total (Excluding Rates)		18,479,797	19,038,745	15,229,830	15,636,973	407,143		
Operating Expense								
Employee Costs		(18,739,930)	(19,113,323)	(13,995,765)	(13,360,777)	634,988	4.8%	▼
Materials and Contracts		(14,259,030)	(15,481,719)	(9,303,074)	(9,304,584)	(1,510)	(0.0%)	
Utilities Charges		(1,729,483)	(1,785,802)	(1,222,621)	(1,173,184)	49,437	4.2%	
Depreciation (Non-Current Assets)		(11,812,900)	(11,812,900)	(8,856,108)	(8,856,108)	0	0.0%	
Interest Expenses		(909,431)	(909,431)	(428,918)	(407,172)	21,746	5.3%	
Insurance Expenses		(722,187)	(722,187)	(541,431)	(502,593)	38,838	7.7%	
Loss on Asset Disposal		(269,049)	(269,049)	0	0	0	0	
Other Expenditure		(1,721,311)	(1,399,182)	(859,345)	(820,640)	38,704	4.7%	
Less Allocated to Infrastructure		446,022	446,022	341,117	798,968	457,851	(57.3%)	▲
Total		(49,717,299)	(51,047,571)	(34,866,144)	(33,626,090)	782,203		
Contributions for the Development of Assets								
Grants & Subsidies		6,994,797	10,712,453	4,339,341	4,373,954	34,613	0.8%	
Contributions, Donations & Reimbursements		2,500,000	2,969,480	425,000	439,300	14,300	3.3%	
Net Operating Result Excluding Rates		(21,742,705)	(18,326,893)	(14,871,973)	(13,175,863)	1,223,959		
Funding Balance Adjustment								
Add Back Depreciation		11,812,900	11,812,900	8,856,108	8,856,108	0	0.0%	
Adjust (Profit)/Loss on Asset Disposal		269,049	269,049	0	0	0	0	
Funds Demanded From Operations		(9,660,756)	(6,244,944)	(6,015,865)	(4,319,755)	1,223,959		
Capital Revenues								
Proceeds from Disposal of Assets		2,543,100	2,110,373	862,051	591,000	(271,051)	(45.9%)	▼
Total		2,543,100	2,110,373	862,051	591,000	(271,051)		
Acquisition of Fixed Assets								
Land and Buildings		(3,487,640)	(1,863,952)	(387,562)	(369,791)	17,771	4.8%	▼
Plant and Equipment		(4,522,518)	(4,864,206)	(1,986,111)	(1,920,901)	65,210	3.4%	▼
Furniture and Equipment		(464,700)	(475,235)	(125,494)	(131,017)	(5,524)	(4.2%)	▼
Infrastructure Assets - Roads		(7,726,442)	(7,979,583)	(3,726,002)	(2,621,055)	1,104,946	42.2%	▼
Infrastructure Assets - Other		(8,207,641)	(12,383,106)	(4,569,960)	(2,861,880)	1,708,080	59.7%	▼
Total		(24,408,941)	(27,566,082)	(10,795,128)	(7,904,644)	2,890,484		
Financing/Borrowing								
Debt Redemption		(1,586,608)	(1,586,608)	(442,005)	(403,532)	38,473	9.5%	
Profit on Sale of Investments		0	0	0	2,105,390	2,105,390	100.0%	▲
Self-Supporting Loan Principal		0	0	0	16,331	16,331	100.0%	
Total		(1,586,608)	(1,586,608)	(442,005)	1,718,189	2,160,194		
Demand for Resources		(33,113,205)	(33,287,261)	(16,390,947)	(9,915,211)	6,003,586		
Restricted Funding Movements								
Opening Funding Surplus(Deficit)		2,589,921	2,982,442	2,982,442	2,982,441	(1)	0.0%	
Transfer from Restricted Funds - Grants		85,000	1,227,718	0	0	0	0	
Transfer to Reserves		(2,765,935)	(2,665,935)	(118,260)	(131,803)	(13,543)	(10.3%)	
Transfer from Reserves		6,097,197	4,717,233	0	0	0	0	
Rate Revenue		27,107,022	27,084,022	27,039,840	27,062,248	22,408	0.1%	
Closing Funding Surplus(Deficit)	1	0	58,219	13,513,075	19,997,675	6,012,450		

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

Note 1: NET CURRENT FUNDING POSITION

	Positive=Surplus (Negative=Deficit)		
	2012-13		
	Note	This Period	Last Period
	\$	\$	\$
Current Assets			
Cash Unrestricted	21,625,323	22,199,881	21,882,542
Cash Restricted	10,365,480	9,943,340	4,341,718
Receivable - Rates and Rubbish	1,924,528	3,744,591	1,860,881
Receivables - Other	2,128,755	2,594,402	675,000
Investment Land	1,312,138	1,312,138	1,997,982
Stock on Hand	476,337	492,188	698,864
	37,832,560	40,286,539	31,456,987
Less: Current Liabilities			
Payables	(4,473,998)	(5,029,638)	(7,721,494)
Income in advance	(388,474)	(188,823)	0
Provisions	(2,642,138)	(2,725,651)	(3,347,186)
Retentions	(25,222)	(25,222)	0
	(7,529,831)	(7,969,333)	(11,068,680)
Add Back: Loans	2,883,074	2,883,074	6,710,066
Less: Cash Restricted	(9,138,800)	(9,127,367)	(5,051,744)
Restricted Other - Unspent Grants	(2,753,521)	(2,753,521)	0
Self Supporting Loans	16,331	5,997	15,271
Investment land	(1,312,138)	(1,312,138)	(1,997,982)
Net Current Funding Position	19,997,675	22,013,251	20,063,919

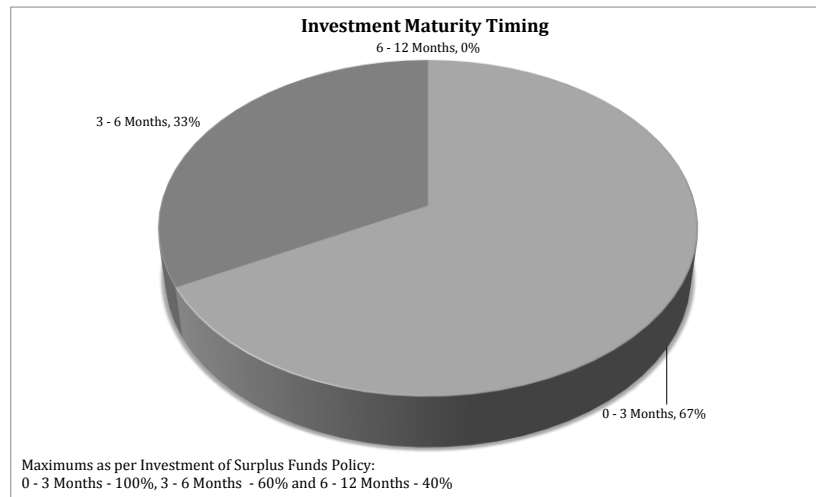
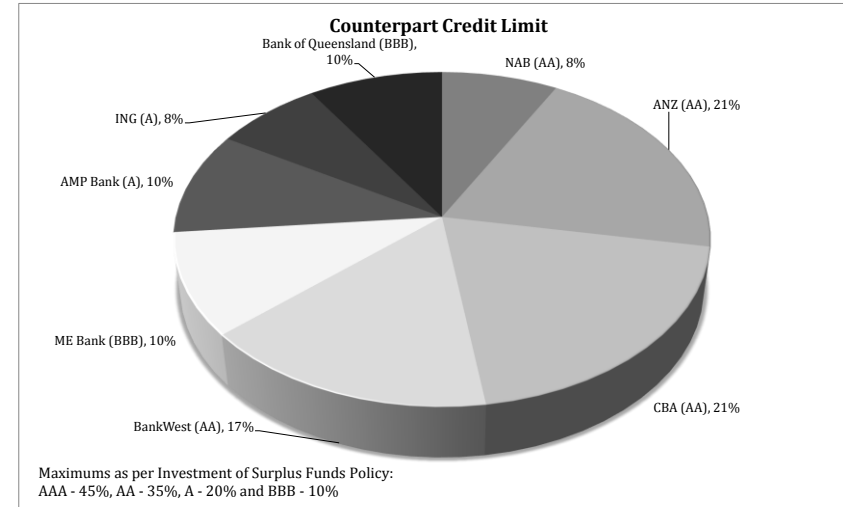
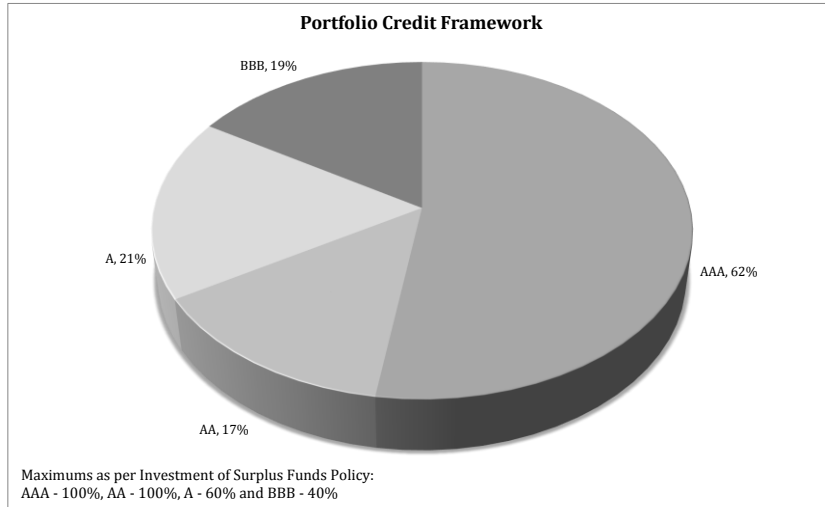
City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st March 2013

Note 2: CASH INVESTMENTS

Deposit Ref	Institution	Rating	Deposit Date	Term (Days)	Invested Interest rates	Amount Invested	Expected Interest	Amount Invested (Days)			Comparative rate		Budget v Actual				
								0 - 3 Months	3 - 6 Months	6 - 12 Months	Prior Month Interest Rate	Interest Rate at time of Report	Year to Date Budget	Year to Date Actual	Var.\$		
General Municipal																	
Call 4108	CBA	AA	26/02/2013	30	3.37%	500,000	1,386	500,000			3.25%	3.37%					
TD 33768604	CBA	AA	7/03/2013	30	3.92%	2,000,000	6,444	2,000,000			4.01%	3.92%					
TD 4081410	BWA	AA	4/02/2013	60	4.15%	2,000,000	13,644	2,000,000			4.45%	4.15%					
TD 9926	NAB	AA	28/11/2012	180	4.65%	1,000,000	22,932		1,000,000		4.65%	4.65%					
TD 5478	NAB	AA	6/02/2013	120	4.35%	3,000,000	42,904		3,000,000		4.35%	4.35%					
Call 2031	NAB	AA	6/02/2013	30	2.72%	1,000,000	2,233	1,000,000			3.00%	2.72%					
Call 6654	ANZ	AA	21/09/2012	30	3.31%	2,000,000	5,439	2,000,000			3.03%	3.31%					
TD 40714	ANZ	AA	4/02/2013	91	4.40%	3,000,000	32,910	3,000,000			4.85%	4.40%					
TD 35190	ME Bank	BBB	21/02/2013	90	4.40%	2,500,000	27,123	2,500,000			4.35%	4.35%					
					Subtotal	17,000,000	155,015	13,000,000	4,000,000	-				550,060	478,649	71,411	
Restricted																	
Call 4108	CBA	AA	26/02/2013	30	3.37%	500,000	1,386	500,000			3.25%	3.37%					
TD ING	ING	A	15/03/2013	180	4.48%	2,000,000	44,186		2,000,000		n/a	4.48%					
TD 253918	AMP Bank	A	21/02/2013	90	4.15%	4,000,000	40,932	4,000,000			4.15%	4.15%					
TD BoQ4	Bank of Queensland	BBB	21/02/2013	120	4.35%	2,500,000	35,753		2,500,000		4.35%	4.35%					
					Subtotal	9,000,000	76,685	4,500,000	4,500,000	-				138,260	131,803	6,457	
Commercial Securities - CDOs																	
Corsair (Kakadu)	Corsair	CCC	21/12/2009		BBSW+1%	68,750	-				BBSW+1%	BBSW+1%					
					Subtotal	68,750	-	-	-	68,750						-	
					Total Funds Invested	26,068,750	231,700	17,500,000	8,500,000	68,750				688,320	610,451	77,869	

City of Albany
 Monthly Investment Report
 For the Period Ended 31st March 2013

Note 2A: GRAPHICAL REPRESENTATION -CASH INVESTMENTS



City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31st March 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 small individual variances. Insurance reimbursements, workers compensation payment reimbursement, and some small 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.

3.1.4 INTEREST EARNINGS

Under variance threshold

3.1.5 OTHER REVENUE

Under variance threshold

3.2 OPERATING EXPENSES**3.2.1 EMPLOYEE COSTS**

Employee costs are under budget for year to date end of March due to timing of pay runs. April has three pay runs, and it is anticipated that the variance at the end of April will be much less.

3.2.2 MATERIAL AND CONTRACTS

Under variance threshold

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.

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

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

Note 3: MAJOR VARIANCES

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

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

Timing of asset disposals. Anticipate this will be close to budget at year end, however the sale of the old asset is dependent on delivery of the replacement asset. Some delay in delivery in ute and light fleet is being experienced.

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

Under variance threshold

3.5.2 PLANT AND EQUIPMENT

Light fleet/ute replacement program to increase over next 12 weeks, however some delay in the delivery of the utes and light fleet is being experienced.

3.5.3 FURNITURE AND EQUIPMENT

Under variance threshold

3.5.4 INFRASTRUCTURE ASSETS - ROADS

Timing on project completion and budget year to date. After a review, 23 projects with an estimated value of \$3.5 million will be completed by the end of May. Timing on major projects can vary due to weather, contractor availability and design changes.

3.5.5 INFRASTRUCTURE ASSETS - OTHER

Timing on project completion and budget year to date. One significant drainage project worth approx \$950 000, and waste site leachate works worth \$1.1 mill, plus other smaller projects work will be completed by the end of May. Timing on major projects can vary due to weather, contractor availability and design changes.

3.6 FINANCING/BORROWING**3.6.1 DEBT REDEMPTION**

Under variance threshold

3.6.2 PROFIT ON SALE OF INVESTMENTS

This is the funds recovered from CDO investments.

3.6.3 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 FROM RESTRICTED CASH FUNDS - GRANTS

Under variance threshold

3.7.3 TRANSFER TO RESERVES

Under variance threshold

3.7.4 TRANSFER FROM RESERVES

Under variance threshold

3.7.5 RATE REVENUE

Under variance threshold

City of Albany
 Monthly Investment Report
 For the Period Ended 31st March 2013

Note 2A: GRAPHICAL REPRESENTATION -CASH INVESTMENTS

