

4.2: FINANCIAL ACTIVITY STATEMENT – 30 APRIL 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 30 April 2013.

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

The Financial Activity Statement for the period ending 30 April 2013 be RECEIVED.

CARRIED EN BLOC

BACKGROUND

1. The Statement of Financial Activity for the period ending 30 April 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 30 April 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 30th April 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 30th April 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	1,872,797	1,421,015	1,481,449	60,435	4.1%	▲
Contributions, Donations & Reimbursements	373,610	774,713	708,417	864,380	155,963	18.0%	▲
Fees and Charges	14,432,869	14,521,262	13,038,668	13,428,903	390,235	2.9%	▲
Interest Earnings	825,368	902,743	893,393	933,526	40,133	4.3%	
Other Revenue	115,000	107,500	55,000	46,981	(8,019)	(17.1%)	
Total (Excluding Rates)	18,479,797	18,179,015	16,116,493	16,755,239	638,746		
Operating Expense							
Employee Costs	(18,739,930)	(19,113,323)	(15,730,517)	(15,081,151)	649,366	4.3%	▼
Materials and Contracts	(14,259,030)	(15,481,719)	(10,793,451)	(10,517,282)	276,169	2.6%	▼
Utilities Charges	(1,729,483)	(1,785,802)	(1,363,914)	(1,353,731)	10,184	0.8%	
Depreciation (Non-Current Assets)	(11,812,900)	(11,812,900)	(9,840,120)	(9,840,120)	0	0.0%	
Interest Expenses	(909,431)	(909,431)	(432,987)	(432,493)	494	0.1%	
Insurance Expenses	(722,187)	(722,187)	(601,590)	(558,590)	43,000	7.7%	
Loss on Asset Disposal	(269,049)	(269,049)	0	0	0		
Other Expenditure	(1,721,311)	(1,399,182)	(964,334)	(862,092)	102,242	11.9%	▼
Less Allocated to Infrastructure	446,022	446,022	372,808	867,827	495,019	(57.0%)	▲
Total	(49,717,299)	(51,047,571)	(39,354,105)	(37,777,631)	1,081,454		
Contributions for the Development of Assets							
Grants & Subsidies	6,994,797	10,712,453	4,913,341	4,655,644	(257,697)	(5.5%)	▼
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)	(19,186,623)	(17,899,271)	(15,927,448)	1,462,503		
Funding Balance Adjustment							
Add Back Depreciation	11,812,900	11,812,900	9,840,120	9,840,120	0	0.0%	
Adjust (Profit)/Loss on Asset Disposal	269,049	269,049	0	0	0		
Funds Demanded From Operations	(9,660,756)	(7,104,674)	(8,059,151)	(6,087,328)	1,462,503		
Capital Revenues							
Proceeds from Disposal of Assets	2,543,100	2,110,373	1,139,493	601,124	(538,369)	(89.6%)	▼
Total	2,543,100	2,110,373	1,139,493	601,124	(538,369)		
Acquisition of Fixed Assets							
Land and Buildings	(3,487,640)	(1,863,952)	(438,812)	(393,853)	44,959	11.4%	▼
Plant and Equipment	(4,522,518)	(4,864,206)	(2,145,457)	(1,996,558)	148,899	7.5%	▼
Furniture and Equipment	(464,700)	(475,235)	(217,560)	(172,487)	45,073	26.1%	▼
Infrastructure Assets - Roads	(7,726,442)	(7,979,583)	(3,717,332)	(3,442,808)	274,524	8.0%	▼
Infrastructure Assets - Other	(8,207,641)	(12,383,106)	(4,279,268)	(3,296,016)	983,253	29.8%	▼
Total	(24,408,941)	(27,566,082)	(10,798,429)	(9,301,722)	1,496,707		
Financing/Borrowing							
Debt Redemption	(1,586,608)	(1,586,608)	(458,251)	(1,227,240)	(768,989)	(62.7%)	▲
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)	(458,251)	894,481	1,352,732		
Demand for Resources	(33,113,205)	(34,146,991)	(18,176,338)	(13,893,445)	3,773,574		
Restricted Funding Movements							
Opening Funding Surplus(Deficit)	2,589,921	5,735,963	5,735,963	5,735,963	0	0.0%	
Transfer from Restricted Funds - Grants	85,000	0	0	0	0		
Transfer to Reserves	(2,765,935)	(3,332,008)	(131,400)	(140,289)	(8,889)	(6.3%)	
Transfer from Reserves	6,097,197	4,717,233	0	0	0		
Rate Revenue	27,107,022	27,084,022	27,054,542	27,062,787	8,245	0.0%	
Closing Funding Surplus(Deficit)	1	0	58,219	14,482,767	18,765,016	3,772,930	

City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30th April 2013

Note 1: NET CURRENT FUNDING POSITION

	Positive=Surplus (Negative=Deficit)		
	2012-13		
	This Period	Last Period	Same Period Last Year
Note	\$	\$	\$
Current Assets			
Cash Unrestricted	18,849,714	21,625,323	20,340,272
Cash Restricted	10,373,026	10,365,480	4,170,734
Receivable - Rates and Rubbish	1,588,573	1,924,528	1,369,368
Receivables - Other	1,899,233	2,128,755	938,550
Investment Land	1,312,138	1,312,138	1,997,982
Stock on Hand	504,961	476,337	668,178
	34,527,644	37,832,560	29,485,084
Less: Current Liabilities			
Payables	(4,016,757)	(4,473,998)	(8,651,677)
Income in advance	(416,822)	(388,474)	0
Provisions	(2,938,473)	(2,642,138)	(2,466,197)
Retentions	(6,849)	(25,222)	0
	(7,378,901)	(7,529,831)	(11,117,874)
Add Back: Loans	2,059,366	2,883,074	6,710,066
Less: Cash Restricted	(9,147,286)	(9,138,800)	(5,063,270)
Restricted Other - Unspent Grants	0	(2,753,521)	0
Self Supporting Loans	16,331	16,331	15,271
Investment land	(1,312,138)	(1,312,138)	(1,997,982)
Net Current Funding Position	18,765,016	19,997,675	18,031,295

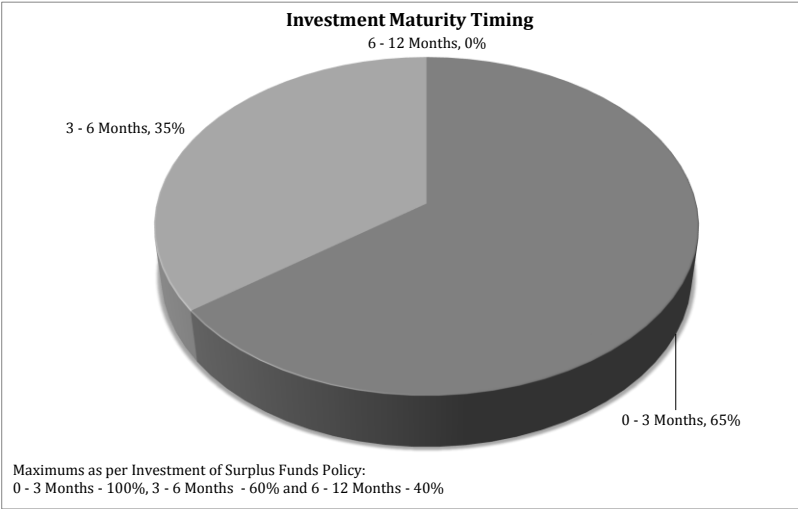
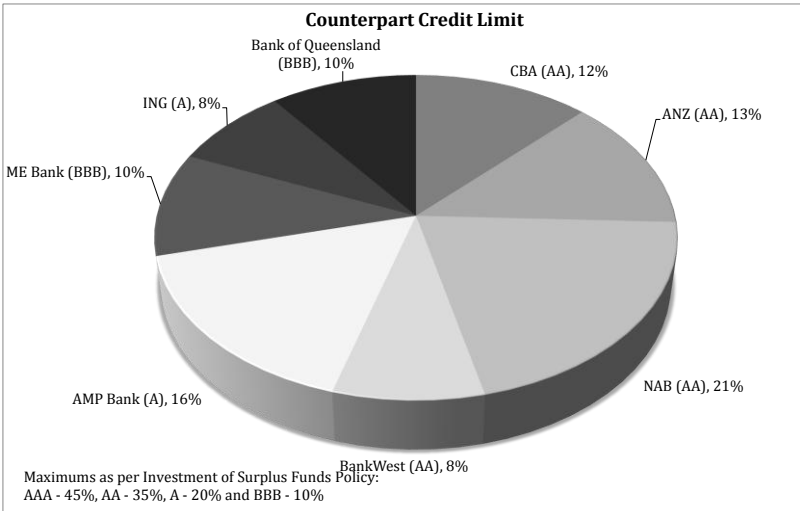
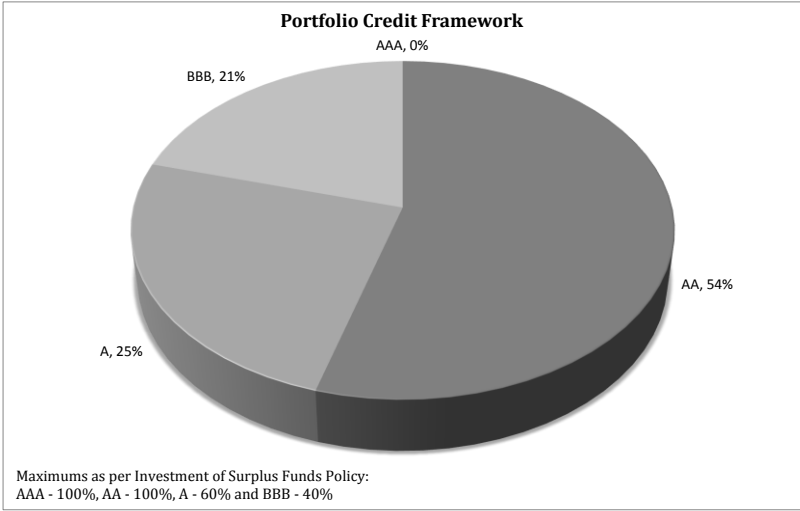
City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th April 2013

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	3.25%	500,000	1,336	500,000			3.37%	3.25%						
TD 33768604	CBA	AA	8/04/2013	30	3.95%	2,000,000	6,493	2,000,000			3.94%	3.95%						
TD 4081410	BWA	AA	5/04/2013	31	4.10%	2,000,000	6,964	2,000,000			4.15%	4.10%						
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	3.14%	1,000,000	2,581	1,000,000			2.72%	3.14%						
Call 6654	ANZ	AA	21/09/2012	30	3.11%	200,000	2,669	200,000			3.31%	3.11%						
TD 40714	ANZ	AA	4/02/2013	91	4.40%	3,000,000	32,910	3,000,000			4.40%	4.40%						
TD 35190	ME Bank	BBB	21/02/2013	90	4.40%	2,500,000	27,123	2,500,000			4.40%	4.40%						
					Subtotal	15,200,000	145,912	11,200,000	4,000,000	-					600,000	519,131	80,869	
Restricted																		
Call 4108	CBA	AA	26/02/2013	30	3.25%	500,000	1,336	500,000			3.37%	3.25%						
TD ING	ING	A	15/03/2013	180	4.48%	2,000,000	44,186		2,000,000		4.48%	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 BoQ	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	-					151,400	140,289	11,111	
Commercial Securities - CDOs																		
Corsair (Kakadu)	Corsair	CCC	21/12/2009		BBSW+1%	68,750	-			68,750	BBSW+1%	BBSW+1%						
					Subtotal	68,750	-	-	-	68,750								
					Total Funds Invested	24,268,750	222,597	15,700,000	8,500,000	68,750					751,400	659,420	91,980	

City of Albany
Monthly Investment Report
For the Period Ended 30th April 2013

Note 2A: GRAPHICAL REPRESENTATION - CASH INVESTMENTS



City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th April 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**

Two small grants received, not budgeted year to date. Timing issue.

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, and will exceed the total yearly budget.

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 April due to timing issue of pay runs. May has three pay runs, and it is anticipated that the variance at the end of May will be much less.

3.2.2 MATERIAL AND CONTRACTS

Tip maintenance and rural road side verge maintenance under budget year to date, timing issue, expect to be on budget for the whole year.

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

Election expenses allowed for, but no Council election undertaken during the year (\$40 000), balance of variance is spread over a number of accounts and directorates.

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**

Primarily grant funding receipt timing for ANZAC project. Anticipate this will be to budget, however, timing issue as to actual receipt. Dependent on project completion and milestones.

3.3.2 CONTRIBUTIONS, DONATIONS & REIMBURSEMENTS

City of Albany
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30th April 2013

Note 3: MAJOR VARIANCES

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

Under variance threshold

3.4 CAPITAL REVENUES

3.4.1 PROCEEDS FROM DISPOSAL OF ASSETS

As utes are sold at auction or traded in, anticipate that this will be closer to budgeted amounts.

3.5 ACQUISITION OF FIXED ASSETS

3.5.1 LAND AND BUILDINGS

Under variance threshold

3.5.2 PLANT AND EQUIPMENT

Ute replacement being done now, delivery expected over the next 8 weeks. May partly carry over to 2013/14.

3.5.3 FURNITURE AND EQUIPMENT

Under variance threshold

3.5.4 INFRASTRUCTURE ASSETS - ROADS

As projects enter completion, actual expenditure is anticipated to be close to budget by year end. Dependent on individual project completion and payment schedules.

3.5.5 INFRASTRUCTURE ASSETS - OTHER

As projects enter completion, actual expenditure is anticipated to be close to budget by year end. Dependent on individual project completion and payment schedules.

3.6 FINANCING/BORROWING

3.6.1 DEBT REDEMPTION

Timing issue. Budgeted for \$800 000 of debt payment in June, actual payment made in April.

3.6.2 PROFIT ON SALE OF INVESTMENTS

Proceeds from Lehmans Bros. CDO repayment.

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