

CITY OF ALBANY

MONTHLY FINANCIAL REPORT

(Containing the Statement of Financial Activity)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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**CITY OF ALBANY
COMPILATION REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

Report Purpose

This report is prepared to meet the requirements of Local Government (Financial Management) Regulations 1996, Regulation 34.

Overview

No matters of significance are noted.

Statement of Financial Activity by reporting nature or type

Shows a surplus for the period ended 30 November 2018 of \$29,670,760.

Note: The Statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary.

Preparation

Prepared by: S. Van Nierop
Financial Accountant

Reviewed by: D. Olde
Manager Finance

Date prepared: 13 December 2018

CITY OF ALBANY
STATEMENT OF FINANCIAL ACTIVITY REPORT ITEM CCS 116 REFERS
BY NATURE OR TYPE
FOR THE PERIOD ENDED 30 NOVEMBER 2018

	Ref Note	Original Annual Budget	Revised Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	\$	%	
Operating Revenues								
Rate Revenue		36,852,574	36,852,574	36,358,463	36,409,671	51,208	0%	
Grants & Subsidies		3,563,024	3,714,169	1,341,312	1,325,998	(15,314)	(1%)	
Contributions, Donations & Reimbursements		565,422	784,194	453,532	531,914	78,382	17%	
Profit on Asset Disposal		23,215	23,215	9,670	2,217	(7,453)	(77%)	
Fees and Charges		17,687,974	17,687,974	11,114,964	11,356,579	241,615	2%	▲
Interest Earnings		1,159,285	1,159,285	564,214	664,260	100,046	18%	▲
Other Revenue		314,860	314,860	115,796	91,552	(24,244)	(21%)	
		60,166,354	60,536,271	49,957,951	50,382,191			
Operating Expenses								
Employee Costs		(26,979,860)	(26,980,463)	(10,550,743)	(10,372,913)	177,830	2%	▼
Materials and Contracts		(18,388,877)	(18,783,864)	(7,087,055)	(6,937,753)	149,302	2%	▼
Utilities Charges		(1,893,062)	(1,933,062)	(710,915)	(690,350)	20,565	3%	
Depreciation (Non-Current Assets)		(17,343,216)	(17,343,216)	(7,243,077)	(6,569,080)	673,997	9%	▼
Interest Expenses		(751,576)	(751,576)	(75,670)	(21,864)	53,806	71%	
Insurance Expenses		(684,149)	(684,149)	(583,780)	(668,301)	(84,521)	(14%)	
Loss on Asset Disposal		(450,392)	(450,392)	(112,598)	(81,021)	31,577	28%	
Other Expenditure		(2,477,609)	(2,477,609)	(1,296,911)	(1,261,236)	35,675	3%	
Less: Allocated to Infrastructure		676,129	676,129	202,249	502,224	299,975	(148%)	▼
		(68,292,612)	(68,728,202)	(27,458,500)	(26,100,293)			
Contributions for the Development of Assets								
Grants & Subsidies		14,586,366	15,030,480	2,992,822	3,192,200	199,378	7%	▲
Contributions, Donations & Reimbursements		520,000	603,449	60,000	157,171	97,171	(162%)	
		15,106,366	15,633,929	3,052,822	3,349,372			
Net Operating Result								
		6,980,108	7,441,998	25,552,273	27,631,270			
Funding Balance Adjustment								
Add Back Depreciation		17,343,216	17,343,216	7,243,077	6,569,080	(673,997)	(9%)	▼
Adjust (Profit)/Loss on Asset Disposal		427,177	427,177	102,928	78,804	(24,124)	(23%)	
Adjust (Profit)/Loss on Value of Investments		0	0	0	(26,654)	(26,654)	-	
Movement From Current to Non-Current		0	0	0	0	0		
Add back Carrying Value of Investment Land		0	0	0	0	0		
		24,750,501	25,212,391	32,898,278	34,252,499			
Funds Demanded From Operations								
		24,750,501	25,212,391	32,898,278	34,252,499			
Capital Revenues								
Proceeds from Disposal of Assets		903,650	903,650	205,830	140,060	(65,770)	(32%)	
		903,650	903,650	205,830	140,060			
Acquisition of Fixed Assets								
Land and Buildings	5	(7,536,125)	(7,731,417)	(2,264,727)	(1,850,122)	414,605	18%	▼
Plant and Equipment	5	(3,244,935)	(2,853,189)	(529,453)	(434,804)	94,649	18%	
Furniture and Equipment	5	(707,900)	(757,900)	(199,515)	(236,538)	(37,023)	(19%)	
Infrastructure Assets - Roads	5	(6,007,199)	(5,880,558)	(1,548,445)	(1,484,791)	63,654	4%	
Infrastructure Assets - Other	5	(18,796,188)	(18,377,727)	(4,008,101)	(2,906,463)	1,101,638	27%	▼
		(36,292,347)	(35,600,791)	(8,550,241)	(6,912,718)			
Financing/Borrowing								
Debt Redemption		(2,230,544)	(2,230,544)	(403,571)	(302,795)	100,776	25%	▼
Loan Drawn Down		4,300,000	4,300,000	0	0	0		
Profit on Sale of Investments		0	0	0	0	0		
Self-Supporting Loan Principal		12,504	12,504	5,210	6,203	993	(19%)	
Self Supporting Loan Issued		0	0	0	0	0		
		2,081,960	2,081,960	(398,361)	(296,592)			
Demand for Resources								
		(8,556,236)	(7,402,790)	24,155,506	27,183,248			
Restricted Funding Movements								
Opening Funding Surplus/(Deficit)		2,921,457	2,415,234	2,415,234	2,487,512	72,278	3%	
Restricted Cash Utilised - Loan		0	0	0	0	0		
Transfer to Reserves		(12,859,671)	(12,859,671)	0	0	0		
Transfer from Reserves		18,494,450	17,888,256	0	0	0		
		8,556,236	7,443,819	2,415,234	2,487,512			
Closing Funding Surplus/(Deficit)								
		0	41,029	26,570,740	29,670,760			

CITY OF ALBANY
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 FOR THE PERIOD ENDED 30 NOVEMBER 2018

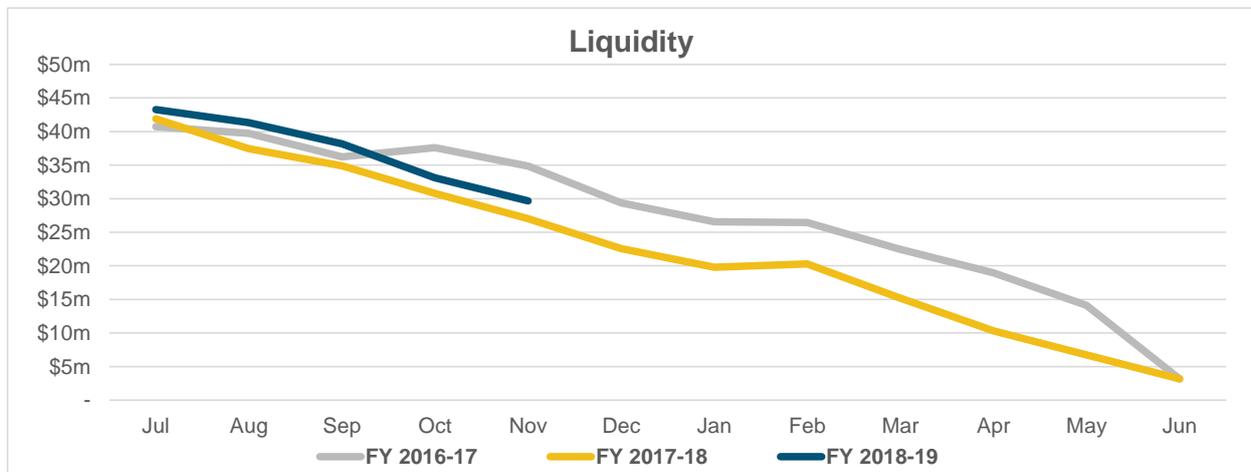
NOTE 1
 EXPLANATION OF MATERIAL VARIANCES IN EXCESS OF \$100,000

	Var. \$	Var. %	Var.	Timing/ Permanent	Explanation of Variance
	\$	%			
Operating Revenues					
Rate Revenue	51,208	0%			No material variance.
Grants & Subsidies	(15,314)	(1%)			No material variance.
Contributions, Donations & Reimbursements	78,382	17%			No material variance. Bank Guarantee (\$62k) reported in October has been transferred to the retentions account on the balance sheet.
Profit on Asset Disposal	(7,453)	(77%)			No material variance.
Fees and Charges	241,615	2%	▲	Timing	Greater than anticipated refuse fees, cat/dog registration payments, and revenue from the National ANZAC Centre. May be subject to budget review
Interest Earnings	100,046	18%	▲	Permanent	Greater than anticipated interest earned on cash backed reserves investments, as well as rates penalty interest
Other Revenue	(24,244)	(21%)			No material variance.
Operating Expenses					
Employee Costs	177,830	2%	▼	Timing	No one significant variance in any one team. Generally timing delays in hiring replacement staff after resignations, once advertising, interviews and placement is concluded.
Materials and Contracts	149,302	2%	▼	Timing	Primarily waste related contracts timing differences. A number of smaller variances under \$10 000 in many areas across the City. No one single significant variance.
Utilities Charges	20,565	3%			No material variance.
Depreciation (Non-Current Assets)	673,997	9%	▼	Permanent	Reduction in fair value of infrastructure assets at financial year end, and resulting reduction in depreciation, not accounted for at time of budget preparation. Will be subject to budget review.
Interest Expenses	53,806	71%			No material variance.
Insurance Expenses	(84,521)	(14%)			No material variance.
Loss on Asset Disposal	31,577	28%			No material variance.
Other Expenditure	35,675	3%			No material variance.
Less: Allocated to Infrastructure	299,975	(148%)	▼	Timing	Costs intially captured as operating costs allocated to capital work projects.
Contributions for the Development of Assets					
Grants & Subsidies	199,378	7%	▲	Timing	Timing of payment of direct road grants. Anticipate to be to budget.
Contributions, Donations & Reimbursements	97,171	(162%)			No material variance.
Funding Balance Adjustment					
Add Back Depreciation	(673,997)	(9%)	▼	Permanent	As per explanation above
Adjust (Profit)/Loss on Asset Disposal	(24,124)	(23%)			No material variance.
Adjust (Profit)/Loss on Value of Investments	(26,654)	-			No material variance.
Movement From Current to Non-Current	0				No material variance.
Add back Carrying Value of Investment Land	0				No material variance.
Capital Revenues					
Proceeds from Disposal of Assets	(65,770)	(32%)			No material variance.
Acquisition of Fixed Assets					
Land and Buildings	414,605	18%	▼	Timing	Primarily timing of budget to actuals: Large projects including Junior AFL node, Town Hall roof replacement, ALAC Roof refurbishment.
Plant and Equipment	94,649	18%			No material variance.
Furniture and Equipment	(37,023)	(19%)			No material variance.
Infrastructure Assets - Roads	63,654	4%			No material variance.
Infrastructure Assets - Other	1,101,638	27%	▼	Timing	No single job. Timing of payments for Middleton Beach Coastal Enhancement Project, different elements of CPSP, Alison Hartman gardens (budgeted, contracts not yet awarded), various jobs on reserves and sporting grounds.
Financing/Borrowing					
Debt Redemption	100,776	25%	▼		Budget timing - loan repayment due in December.
Loan Drawn Down	0				No material variance.
Profit on Sale of Investments	0				No material variance.
Self-Supporting Loan Principal	993	(19%)			No material variance.
Self Supporting Loan Issued	0				No material variance.
Restricted Funding Movements					
Opening Funding Surplus(Deficit)	72,278	3%			No material variance.
Restricted Cash Utilised - Loan	0				No material variance.
Transfer to Reserves	0				No material variance.
Transfer from Reserves	0				No material variance.

**CITY OF ALBANY
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

**NOTE 2
NET CURRENT FUNDING POSITION**

	Ref Note	FOR THE PERIOD ENDED 30 NOVEMBER 2018	FOR THE PERIOD ENDED 31 OCTOBER 2018	FOR THE PERIOD ENDED 30 NOVEMBER 2017
		\$	\$	\$
Current Assets				
Cash Unrestricted		21,805,323	23,799,853	21,095,897
Cash Restricted		26,341,481	26,285,700	26,193,192
Receivable - Rates and Rubbish	4	12,503,254	15,441,890	11,691,467
Receivables - Other		1,195,854	1,234,532	1,266,566
Investments - LG Unit Trust Shares		227,722	201,068	205,605
Accrued Income		226,988	366,511	303,976
Prepaid Expenses		45,009	45,009	46,521
Investment Land		158,000	158,000	240,000
Community Group Loan		6,300	6,300	12,120
Stock on Hand		1,252,246	1,087,101	678,987
		63,762,178	68,625,964	61,734,331
Less: Current Liabilities				
Payables		(2,474,919)	(4,060,556)	(2,898,882)
Borrowings		(1,937,171)	(1,986,255)	(1,895,795)
Accrued Expenses		(6,429)	(6,344)	(69,029)
Income in advance		(61,502)	(75,439)	(23,142)
Provisions		(5,048,023)	(4,977,664)	(4,291,621)
Retentions		(60,436)	1,482	(163,003)
		(9,588,480)	(11,104,776)	(9,341,471)
Add Back: Borrowings		1,937,171	1,986,255	1,895,795
(Less): Cash Backed Reserves		(26,048,086)	(26,048,086)	(25,992,610)
(Less): Loans Receivable		(6,300)	(6,300)	-
(Less): Unutilised - Loan		0	0	(841,758)
(Less): Investment land		(158,000)	(158,000)	(240,000)
(Less): Investments - LG Unit Trust Shares		(227,722)	(201,068)	(205,605)
		(24,502,938)	(24,427,200)	(25,384,178)
Net Current Funding Position		29,670,760	33,093,988	27,008,682



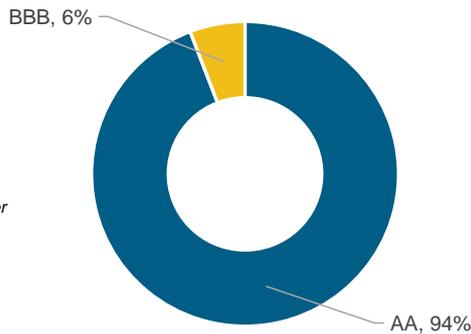
COMMENTS:

**CITY OF ALBANY
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

**NOTE 3
CASH INVESTMENTS**

Investment Type	Institution	S&P Rating	Interest Rate	Deposit Date	Maturity	Investment Term Category	Amount Invested (\$)	Expected Interest (\$)
General Municipal	NAB	AA	2.63%	12-Sep-18	12-Dec-18	0 to 3 months	3,000,000	19,671
General Municipal	Westpac	AA	2.68%	12-Sep-18	12-Dec-18	0 to 3 months	3,000,000	20,045
General Municipal	CBA	AA	2.37%	12-Sep-18	12-Dec-18	0 to 3 months	3,000,000	17,726
General Municipal	NAB	AA	2.62%	05-Sep-18	04-Jan-19	3 to 6 months	3,000,000	26,056
General Municipal	Bankwest	AA	2.68%	05-Sep-18	04-Feb-19	3 to 6 months	3,000,000	33,482
General Municipal	Westpac	AA	2.72%	04-Sep-18	04-Apr-19	6 to 12 months	3,000,000	47,395
							18,000,000	164,375
Restricted	Westpac	AA	2.80%	16-Aug-18	16-Dec-18	3 to 6 months	3,000,000	28,077
Restricted	NAB	AA	2.65%	11-Oct-18	09-Jan-19	0 to 3 months	3,000,000	19,603
Restricted	NAB	AA	2.65%	29-Oct-18	28-Jan-19	0 to 3 months	2,500,000	16,517
Restricted	Bankwest	AA	2.67%	08-Oct-18	08-Feb-19	3 to 6 months	3,000,000	26,993
Restricted	CBA	AA	2.54%	04-Sep-18	04-Mar-19	3 to 6 months	2,000,000	25,191
Restricted	Bankwest	AA	2.71%	05-Sep-18	05-Mar-19	3 to 6 months	2,000,000	26,877
Restricted	CBA	AA	2.52%	12-Sep-18	12-Apr-19	6 to 12 months	2,000,000	29,273
Restricted	Bendigo	BBB	2.60%	17-Oct-18	17-Apr-19	3 to 6 months	2,500,000	32,411
Restricted	Bankwest	AA	2.67%	01-Nov-18	01-Mar-19	3 to 6 months	2,000,000	17,556
Restricted	Westpac	AA	2.70%	12-Nov-18	12-May-19	3 to 6 months	3,000,000	40,167
							25,000,000	262,665
							43,000,000	427,041

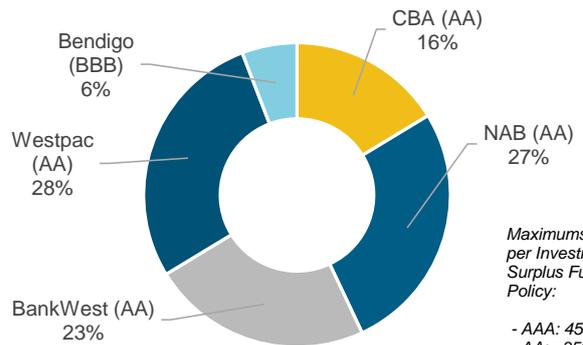
Portfolio Credit Framework



Maximums as per Investment of Surplus Funds Policy:

- AAA: 100%
- AA: 100%
- A: 60%
- BBB: 40%

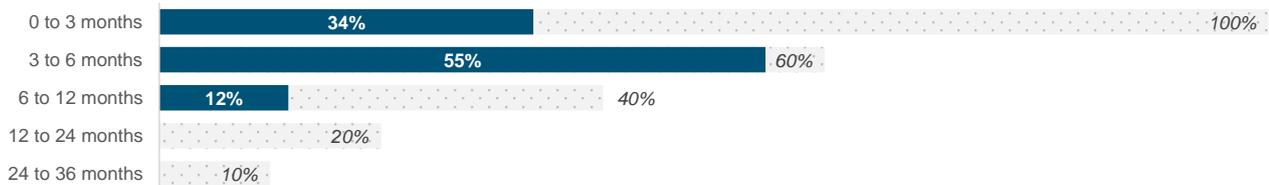
Counterparty Credit Limits



Maximums as per Investment of Surplus Funds Policy:

- AAA: 45%
- AA: 35%
- A: 20%
- BBB: 10%

Term to Maturity Framework

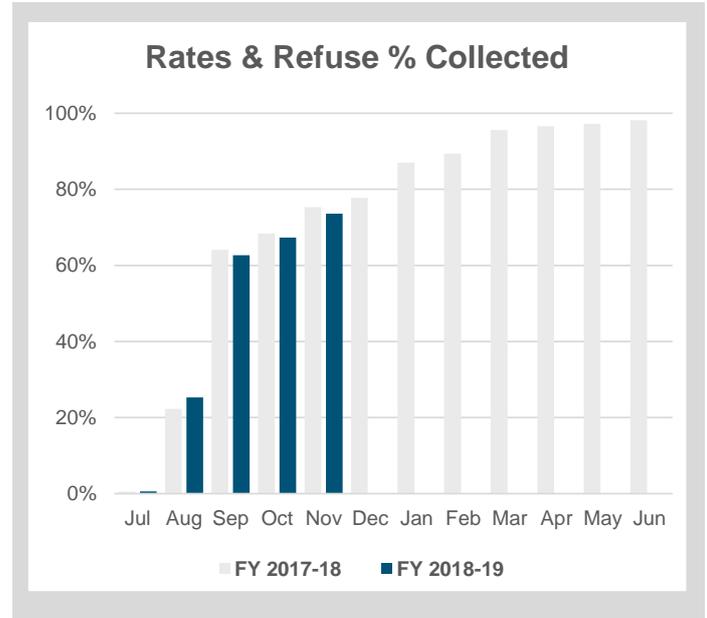


COMMENTS:

**CITY OF ALBANY
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

**NOTE 4
RECEIVABLES**

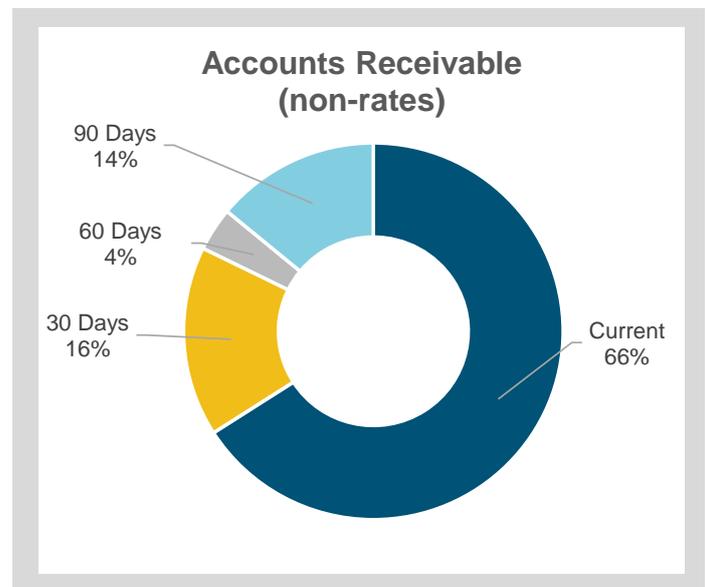
<u>Rates & Refuse % Collected</u>	<u>\$</u>
Opening Arrears Previous Years:	976,234
Rates Levied this year	36,409,671
Refuse Levied	6,253,918
ESL Levied	3,378,844
Other Charges Levied	342,833
Amount Levied	47,361,499
 (Less): Collections (Prior Years)	458,567
(Less): Collections (Current Year)	(35,316,812)
Amount Collected	(34,858,245)
 Total Rates & Charges Collectable	12,503,254
<i>% Collected</i>	73.60%



COMMENTS:

<u>Accounts Receivable (non-rates)</u>	<u>\$</u>	<u>%</u>
Current	637,272	66%
30 Days	157,772	16%
60 Days	36,013	4%
90 Days	135,404	14%
	<u>966,461</u>	<u>100%</u>

Amounts shown above include GST (where applicable)

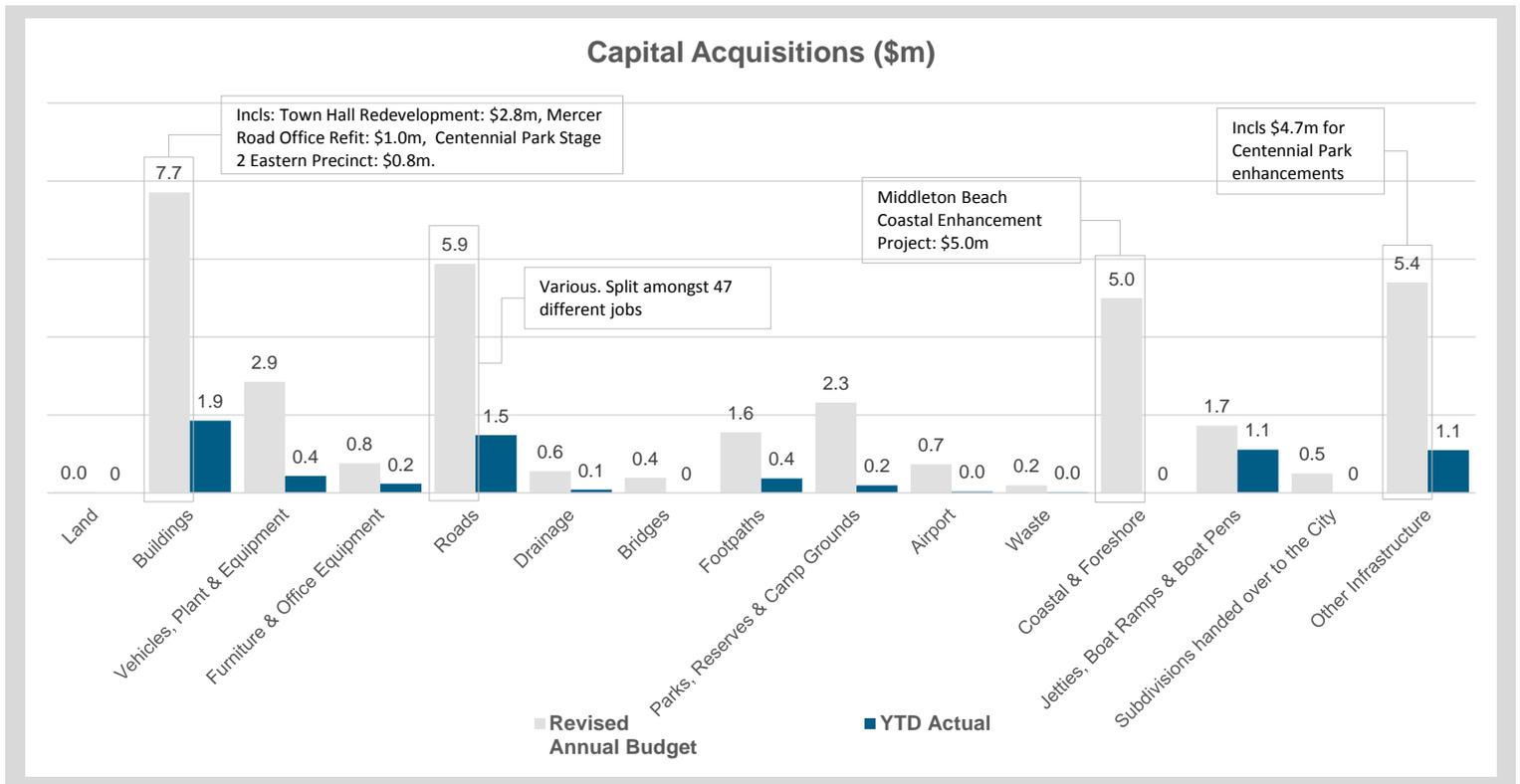


COMMENTS:

CITY OF ALBANY
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 30 NOVEMBER 2018

NOTE 5
CAPITAL ACQUISITIONS

Capital Acquisitions	Original Annual Budget	Revised Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
	\$	\$	\$	\$	\$	%	
Property Plant & Equipment							
Land	25,000	25,000	10,410	0	(10,410)	(100%)	
Buildings	7,511,125	7,706,417	2,254,317	1,850,122	(404,195)	(18%)	▼
Vehicles, Plant & Equipment	3,244,935	2,853,189	529,453	434,804	(94,649)	(18%)	
Furniture & Office Equipment	707,900	757,900	199,515	236,538	37,023	19%	
Infrastructure							
Roads	6,007,199	5,880,558	1,548,445	1,484,791	(63,654)	(4%)	
Drainage	555,000	555,000	62,916	83,579	20,663	33%	
Bridges	135,000	393,000	0	0	0		
Footpaths	963,161	1,555,326	699,109	372,416	(326,693)	(47%)	▼
Parks, Reserves & Camp Grounds	8,656,936	2,315,480	445,357	191,644	(253,713)	(57%)	▼
Airport	735,510	735,510	52,060	36,796	(15,264)	(29%)	
Waste	176,000	196,000	66,336	17,821	(48,515)	(73%)	
Coastal & Foreshore	5,000,000	5,000,000	0	0	0		
Jetties, Boat Ramps & Boat Pens	1,774,945	1,728,477	1,120,000	1,108,724	(11,276)	(1%)	
Subdivisions handed over to the City	500,000	500,000	0	0	0		
Other Infrastructure	299,636	5,398,934	1,562,323	1,095,484	(466,839)	(30%)	▼
Total Capital Acquisitions	36,292,347	35,600,791	8,550,241	6,912,718	(1,637,523)	(19%)	▼



COMMENTS: