

7.5 MONTHLY FINANCIAL REPORT - JULY 2021

Author: Executive Manager Finance
Senior Accountant

Authoriser: Chief Financial Officer

Attachments: 1. Monthly Financial Report - July 2021

RECOMMENDATIONS

THAT the report entitled Interim Monthly Financial Report – July 2021 be received and noted.

PURPOSE

The purpose of this report is to provide a summary of the financial position of Council for the period ended 31 July 2021.

Further, this report and the contents are required to be presented to Council in compliance with the Local Government (Accounting) Regulations 2019.

Due to Council being in caretaker during this reporting period, and the absence of a formal Council meeting for presentation, an alternative method to publish statements will be required.

KEY ISSUES

The financial report is a preliminary report, as the 2020/21 Annual Financial Statements are still being prepared. As there remain several year-end adjustments to be processed neither the Statement of Financial Position nor the Statement of Cashflows for July 2021 have been processed. .

The Monthly Financial Report includes:

- Interim Income Statement, which compares actual income and expenditure against amended budget.
- Investments and Receivables Report, which provides details of Treasury activities, Investments and Debtors.

DISCUSSION**July 2021 – Year to Date Result**

Interim Result - Operating Result for July 2021 is a **surplus of (\$886K)**.

After including the net capital income & expenses, mainly capital grants, the Net Surplus/(Deficit) is displaying a **surplus of (\$886K)**:

	Actual \$'000	Amended Budget \$'000	Variance \$'000
Net Surplus/ (Deficit)	886	(472)	1,358 Favourable

Commentary

As the 30 June 2021 Annual Financial Statements are still being prepared and year-end adjustments are still being considered and processed. There are ongoing changes accruing to the Balance Sheet/Statement of Financial Position and consequently this is not being presented.

The interim net operating result of \$886K surplus is better than our expected results by \$1.3M.

It is noted that our internal accounting conventions, for monthly reporting, currently recognise the Council Rates that attributable to that month and for YTD and then progressively throughout the year.

The overall Net Income Statement Position has a favourable variance to budget of \$1.3M and this is mainly driven by, an underspend on material and services for the period, being favourable to budget by \$2.1M. This is primarily due to delays in some expenditure.

JUNE 2021 – Audited General Purpose Financial Statements

The 30 June 2021 Annual Financial Statements are still being prepared and year-end adjustments are still being considered and processed as required. The accounts are also in the process of our annual external audit and therefore may be subject to change.

Treasury Comment

The national economic data released in July remained strong. However, the threat of economic disruption due to the current COVID-19 outbreaks remains an ongoing risk. The RBA have commented that they remain cautious and that interest rates are not likely to rise until 2024. The RBA's policy responses will likely depend on the economic consequences of COVID outbreaks, as they have commented that the economic outlook for the coming months is uncertain.

City of Darwin has achieved 0.38% on weighted average interest rate on its July investment portfolio of \$96.5M. There have been no investment policy breaches in this year.

Accounts Receivable (Debtors)

This section considers the receipt timing of Rates collection and any general Debtors outstanding. The performance on Rates recovery is compared to the prior year. The report also includes information on, aged debtors including general debtors, infringements, and Rates arrears.

PREVIOUS COUNCIL RESOLUTION

N/A

**STRATEGIC PLAN
ALIGNMENT**

6 Governance Framework
6.3 Decision Making and Management

CRITICAL DATES	N/A
BUDGET / FINANCIAL	N/A
RISK ASSESSMENT	<p> Assets & Infrastructure <input type="checkbox"/> Environment & Waste <input type="checkbox"/> Financial <input checked="" type="checkbox"/> Info Comms & Tech <input type="checkbox"/> Legal & Compliance <input checked="" type="checkbox"/> Ops & Service Delivery <input type="checkbox"/> Reputation & Brand <input type="checkbox"/> Work Health & Safety <input type="checkbox"/> </p> <p>In accordance with City of Darwin Risk Management Framework, the post treatment, mitigation risk is: Very Low</p>
LEGISLATION / POLICY CONTROLS OR IMPACTS	<p>Part 2 Division 7 the <i>Local Government (General) Regulations 2019</i> require that a monthly financial report is presented to Council each month setting out:</p> <p>(a) the actual income and expenditure of the council for the period from the commencement of the financial year up to the end of the previous month; and</p> <p>(b) the most recently adopted annual budget; and</p> <p>(c) details of any material variances between the most recent actual income and expenditure of the council and the most recently adopted annual budget</p> <p>This report remains in compliance with the requirements of the <i>Local Government Act 2008 and Regulations</i> and is being transitioned to the new requirements of the <i>Local Government Act 2019</i>.</p> <p>This report is considered to be of a higher level of statutory compliance as outlined above.</p>
RESOURCE IMPLICATIONS	N/A
CONSULTATION & ENGAGEMENT	N/A
COMMUNICATION PLAN FOR THIS INITIATIVE	N/A
PLACE SCORE STATEMENT	N/A
DECLARATION OF INTEREST	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

Income Statement

For the Period Ended 31 July 2021

										2021/22											
										YTD July 2021 Actual \$'000		YTD July 2021 Amended Budget \$'000		YTD Variance \$'000		FY Original Budget \$'000		FY Amended Budget \$'000		YTD Act v Amend Budget %	
Operating Income																					
Rates & Annual Charges										6,399 72%		6,387 71%		12		76,666		76,666		100%	
Statutory Charges										152 2%		216 2%		(64)		2,358		2,358		70%	
User Fees & Charges										1,802 20%		2,096 23%		(295)		21,769		21,769		86%	
Operating Grants & Subsidies										73 1%		31 0%		42		5,578		5,578		233%	
Interest / Invetment Income										49 1%		93 1%		(44)		1,113		1,113		53%	
Other Income										373 4%		148 2%		226		1,780		1,780		253%	
Total Income										8,848		8,971		(123)		109,264		109,264		99%	
Operating Expenses																					
Employee Expenses										2,812 32%		3,116 35%		304		37,504		37,504		90%	
Materials & Contracts										2,388 27%		4,552 51%		2,164		49,941		49,941		52%	
Elected Member Allowances										53 1%		57 1%		4		733		733		93%	
Elected Member Expenses										0 0%		5 0%		5		64		64		0%	
Depreciation, Amortisation & Impairment										2,676 30%		2,727 30%		50		32,720		32,720		98%	
Interest Expenses										33 0%		- 0%		(33)		2,350		2,350		1000%	
Total Expenses										7,962		10,457		2,495		123,312		123,312		76%	
Budgeted Operating Surplus/ (Deficit)										886		(1,486)		2,372		(14,048)		(14,048)		-60%	
Capital Grants & Contributions Income										-		1,014		(1,014)		12,173		12,173		0%	
Asset Disposal Income (Loss) & Fair Value Adjustments										-		-		-		-		-		0%	
Net Surplus/(Deficit)										886		(472)		1,358		(1,875)		(1,875)		-188%	

INVESTMENTS REPORT TO COUNCIL
AS AT
31 July 2021

Investment Distribution by Term to Maturity

Term to Maturity Policy Limits

There have been no breaches in Term to Maturity Policy limits for the month of July 2021

Term to Maturity Category	% of Total Portfolio	Term to Maturity (Policy Max.)	Term to Maturity (Policy Min.)
Less than 1 Year			
Term Deposits	72%		
Business Online Saver Accounts	24%		
Floating Rate Notes	0%		
Less than 1 Year Total	96%	100%	30%
Greater than 1 Year less than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	3%		
Greater than 1 Year less than 3 Years Total	3%	50%	0%
Greater than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	1%		
Greater than 3 Years Total	1%	30%	0%
Greater than 5 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	0%		
Greater than 5 Years	0.00%	10%	0%
Total	100.00%		

Investment Distribution by Portfolio Credit Rating

Portfolio Distribution Credit Rating Limits

There have been no breaches in Portfolio Credit Rating Limits for the month of July 2021

Credit Rating - Maximum Individual Limit	ADI	Counterparty	% of Total Portfolio	Individual Counterparty Limits of Total Investments
AA-	Commonwealth Bank of Australia Ltd	Commonwealth Bank of Australia Ltd	37.89%	50.00%
	National Australia Bank Ltd	National Australia Bank Ltd	27.15%	50.00%
	Westpac Banking Corporation Ltd	BankSA	11.13%	50.00%
	Westpac Banking Corporation Ltd	Westpac Banking Corporation Ltd	1.05%	50.00%
A+	Macquarie Bank	Macquarie Bank	1.05%	30.00%
	Suncorp Metway Limited	Suncorp Bank	1.58%	30.00%
BBB+	Bank of Queensland Ltd	Bank of Queensland Ltd	7.97%	10.00%
	Bendigo & Adelaide Bank Ltd	Bendigo & Adelaide Bank Ltd	7.95%	10.00%
BBB	Teachers Mutual Bank Limited	Teachers Mutual Bank Limited	1.05%	10.00%
	AMP Bank Ltd	AMP Bank Ltd	3.16%	10.00%
Grand Total			100.00%	

Credit Rating - Maximum Portfolio Limit	% of Total Portfolio	Policy Limit
AAA to AA-	77.22%	100.00%
A+ to A-	2.64%	45.00%
BBB+ to BBB	20.14%	30.00%
Total	100.00%	

**INVESTMENT REPORT TO COUNCIL
AS AT
31 July 2021**

Institution Category	Counterparty	Maturity Date	Interest Rate	Credit Rating (LT)	Credit Rating (ST)	Inv Type	FRN ONLY	Principal \$	%	
							(Maturity Date - last pmt)			
MAJOR BANK	BankSA	28 September 2021	0.35%	AA-	A1+	TD		\$1,500,000	1.58%	
		26 October 2021	0.35%	AA-	A1+	TD		\$1,500,000	1.58%	
		26 April 2022	0.37%	AA-	A1+	TD		\$3,007,249	3.17%	
		17 May 2022	0.37%	AA-	A1+	TD		\$1,500,000	1.58%	
		24 May 2022	0.37%	AA-	A1+	TD		\$1,514,544	1.60%	
		14 June 2022	0.37%	AA-	A1+	TD		\$1,524,041	1.61%	
	BankSA Total								\$10,545,834	11.13%
	Commonwealth Bank of Australia Ltd	3 August 2021	0.20%	AA-	A1+	BOS		\$22,917,354	24.18%	
		28 September 2021	0.38%	AA-	A1+	TD		\$1,500,000	1.58%	
		26 October 2021	0.40%	AA-	A1+	TD		\$1,500,000	1.58%	
		23 November 2021	0.40%	AA-	A1+	TD		\$1,500,000	1.58%	
		18 January 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.58%	
		18 January 2022	0.38%	AA-	A1+	TD		\$1,500,000	1.58%	
		22 February 2022	0.41%	AA-	A1+	TD		\$1,500,000	1.58%	
		15 February 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.58%	
		11 October 2021	1.16%	AA-	A1+	FRN	11 January 2024	\$1,000,000	1.05%	
		7 December 2021	0.30%	AA-	A1+	TD		\$1,500,000	1.58%	
	Commonwealth Bank of Australia Ltd Total								\$35,917,354	37.89%
	National Australia Bank Ltd	3 August 2021	0.70%	AA-	A1+	TD		\$1,506,835	1.59%	
		10 August 2021	0.40%	AA-	A1+	TD		\$1,536,136	1.62%	
		26 October 2021	0.50%	AA-	A1+	TD		\$5,536,684	5.84%	
		23 November 2021	0.50%	AA-	A1+	TD		\$3,000,000	3.16%	
		22 February 2022	0.32%	AA-	A1+	TD		\$1,536,592	1.62%	
		22 March 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.58%	
		26 April 2022	0.32%	AA-	A1+	TD		\$1,513,873	1.60%	
		26 April 2022	0.33%	AA-	A1+	TD		\$1,500,000	1.58%	
		17 May 2022	0.34%	AA-	A1+	TD		\$1,529,073	1.61%	
		19 April 2022	0.31%	AA-	A1+	TD		\$2,000,000	2.11%	
		24 May 2022	0.32%	AA-	A1+	TD		\$3,057,863	3.23%	
		14 June 2022	0.35%	AA-	A1+	TD		\$1,513,912	1.60%	
	National Australia Bank Ltd Total								\$25,730,969	27.15%
	Westpac Banking Corporation Ltd	25 October 2021	1.17%	AA-	A1+	FRN	24 April 2024	\$1,000,000	1.05%	
	Westpac Banking Corporation Ltd Total								\$1,000,000	1.05%
MAJOR BANK Total								\$73,194,158	77.22%	
OTHER	AMP Bank Ltd	26 October 2021	0.65%	BBB	A2	TD		\$1,500,000	1.58%	
	AMP Bank Ltd Total								\$3,000,000	3.16%
	Bank of Queensland Ltd	24 August 2021	0.52%	BBB+	A2	TD		\$1,500,000	1.58%	
		28 September 2021	0.52%	BBB+	A2	TD		\$1,500,000	1.58%	
		23 November 2021	0.53%	BBB+	A2	TD		\$1,520,809	1.60%	
		30 November 2021	0.40%	BBB+	A2	TD		\$1,529,940	1.61%	
		30 November 2021	0.42%	BBB+	A2	TD		\$1,503,245	1.59%	
	Bank of Queensland Ltd Total								\$7,553,993	7.97%
	Bendigo & Adelaide Bank Ltd	18 January 2022	0.35%	BBB+	A2	TD		\$1,500,000	1.58%	
		22 February 2022	0.35%	BBB+	A2	TD		\$1,500,000	1.58%	
		22 March 2022	0.35%	BBB+	A2	TD		\$3,037,960	3.20%	
		15 February 2022	0.35%	BBB+	A2	TD		\$1,500,000	1.58%	
	Bendigo & Adelaide Bank Ltd Total								\$7,537,960	7.95%
	Macquarie Bank	12 August 2021	0.88%	A+	A1	FRN	6 February 2025	\$1,000,000	1.05%	
	Macquarie Bank Total								\$1,000,000	1.05%
	Suncorp Bank	19 April 2022	0.33%	A+	A1	TD		\$1,502,088	1.58%	
	Suncorp Bank Total								\$1,502,088	1.58%
	Teachers Mutual Bank Limited	28 October 2021	0.92%	BBB	A2	FRN	28 October 2022	\$1,000,000	1.05%	
	Teachers Mutual Bank Limited Total								\$1,000,000	1.05%
OTHER Total								\$21,594,042	22.78%	
Grand Total								\$94,788,200	100.00%	

N.B.

*INV TYPE - FRN = interest rate is the 'Coupon Margin' established on issue date, this plus 3M BBSW provides the yield for the current coupon period.

*MATURITY DATE - FRN = the interest coupon payment date not actual FRN maturity date (paid every 91 days).

General Bank Funds	\$1,753,327
Total Funds	\$96,541,527
Total Budgeted Investment Earnings	\$812,937
Year to Date Investment Earnings	\$32,516
Weighted Ave Rate	0.38%
BBSW 90 Day Rate	0.02%
Bloomberg AusBond	
(Bank Bill Index)	0.04%

Council has an arrangement with its financial institution the Commonwealth Bank of Australia to offset Council's overdraft facility against pooled funds held in Council's Trust Account and General Account

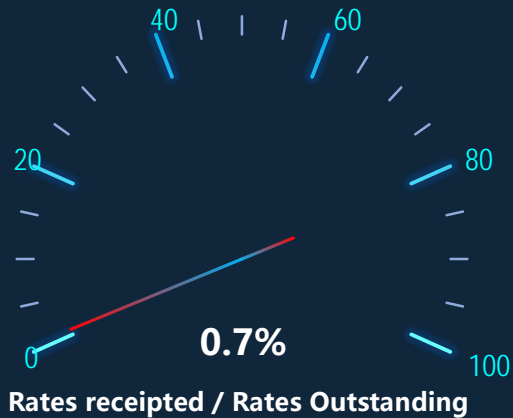
Trust Bank Account	\$456,989
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Monthly Rates & Receivable Statistic Dashboad

July 2021



2020/2021

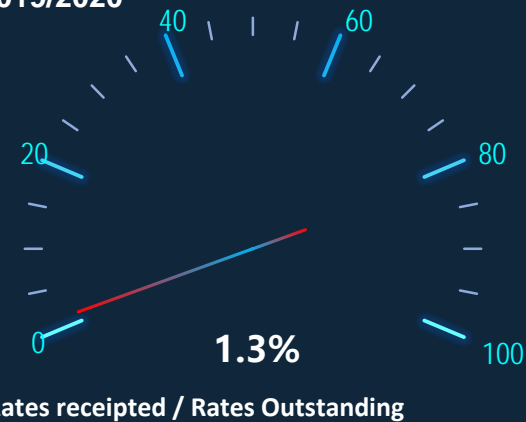


Rates
Receivable \$79,462,175
Balance

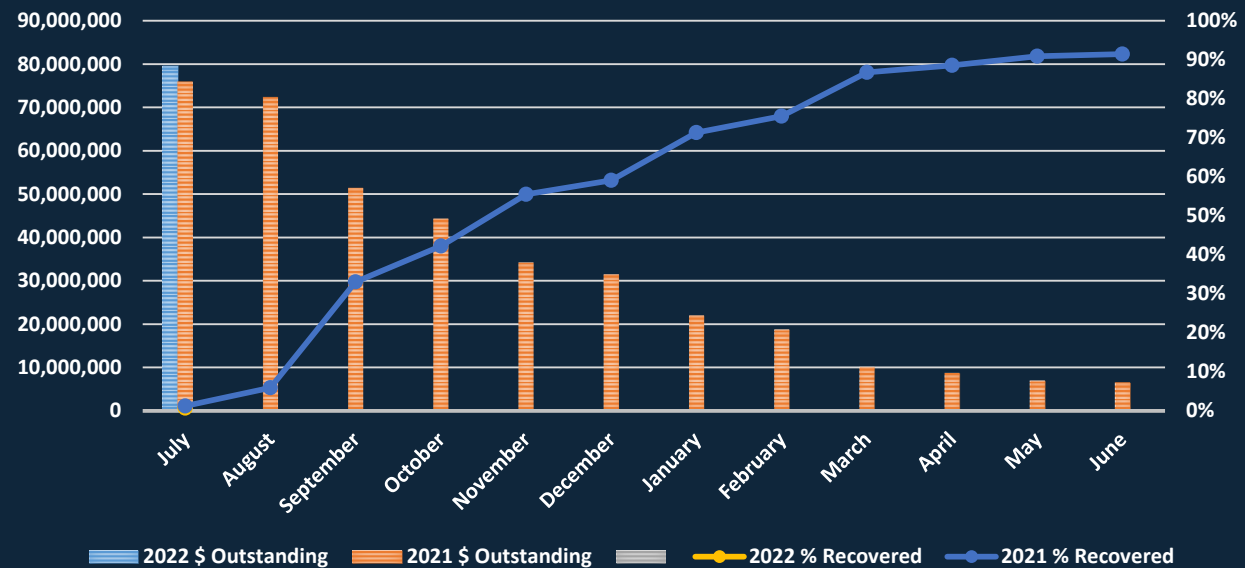
Arrears:
\$4,701,429

Accounts Receivable
Balance \$2,991,354

2019/2020

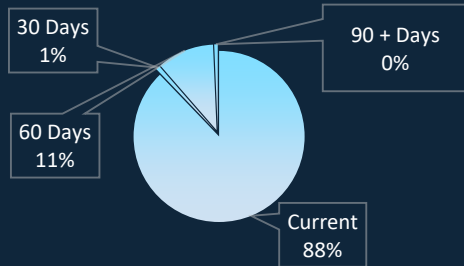


MONTHLY RATES RECOVERY TOTALS 2021

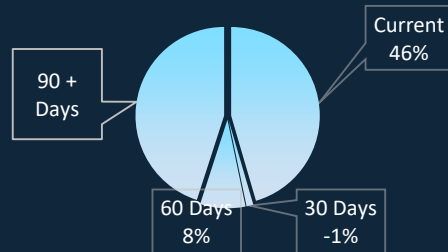


Accounts Receivable - Aging Analysis (Per category)

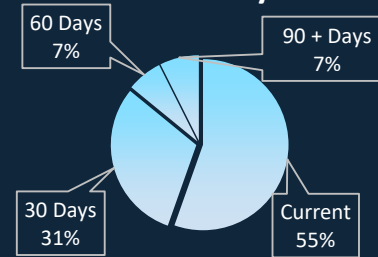
Works, Hire, Permits



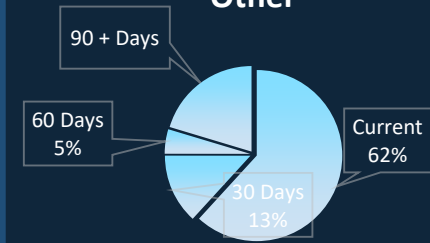
Rentals



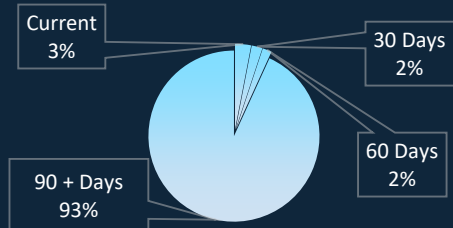
Shoal Bay



Other



Infringements



Accounts Receivable Balance

