

MONTHLY FINANCIAL REPORT - NOVEMBER 2021

Author: Executive Manager Finance
Senior Accountant
Financial Controller

Authoriser: Chief Financial Officer

Attachments: 1. Monthly Financial Report - November 2021

RECOMMENDATIONS

THAT the report entitled Monthly Financial Report – November 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 30 November 2021.

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

KEY ISSUES

As there is no Council meeting in December, this report will be made available to the public by Councils website on Tuesday 21st December 2021. It will also be received by Council at the first Ordinary Meeting on 1 February 2022.

The Monthly Financial Reporting pack includes:

- Income Statement, which compares actual income and expenditure year to date (YTD), against the amended budget.
- Statement of Cash Flows, which groups transactions into the categories of Operating, Investing, and Financing. The statement eliminates depreciation and discloses totals for asset sales and purchases, as well as loan drawdowns and repayments. Finally, it discloses transfers to & from cash backed Reserves.
- Statement of Financial Position, which outlines what Council owns (assets) and what it owes (liabilities) at a point in time.
- Investments, which provides details of Treasury activities, Investments
- Rates and Receivables Report which provides a summary of outstanding Rates and Debtors.
- Creditors Report, which reports a summary of creditor payments.

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

The operating result for November 2021 YTD is a **deficit of (\$2.60M). Budget (\$6.42M).**

After including capital income received, the Net Surplus is **\$1.48M** against a YTD budgeted **deficit of (\$2.83M)**. This has resulted in a favourable **\$4.32M** variance overall.

	YTD Actual \$'000	YTD Budget \$'000	Variance \$'000
Net Surplus/ (Deficit)	1,481	(2,834)	4,315

Commentary

The net operating result of (\$2,601K) deficit is better than our expected results by \$3,815K. This is mainly due to User Fees and Charges, in Waste, being higher than anticipated by \$4,078K and Employee Expenses being lower than anticipated by \$518K. Also of note is the Capital Grants & Contributions income being above budget by \$500K. Additional commentary for category lines follows:

Income

Total Operating Income is tracking ahead of the YTD budget by \$4.16M

Rates Revenue

Rates & Annual Charges income shows a positive variance of \$126K.

Statutory Charges

This includes fines and animal management income. This category is on track with a minor variance.

User Fees & Charges

The favourable variance mostly relates to Waste Fees, as they have continued to track above forecast YTD by \$4,016K. This stems from an increase for the commercial weighbridge charges through a larger volume of disposal material.

Operating Grants & Subsidies

This is tracking in line with the budget.

Interest & Investment Income

As the cash rates remain low, it will remain challenging for interest income to achieve budget by year end.

Other Income

Includes lease income, reimbursements (e.g. insurance recovery, fuel tax credits), sale of small plant proceeds and other miscellaneous income. This category is on track with a minor variance.

Capital Grants & Contributions

Capital grants from DIPL were received ahead of budgeted timing.

Expenditure

Total Expenses are tracking above YTD budget by \$349K, broken down by Materials & Services (\$1,138K) being above budget while Depreciation \$205K, Employee Costs \$518K and Elected Member \$33K, where all below the YTD budget.

Employee Expenses

Employee costs report a positive variance of \$518K but it is expected that as vacancies are filled this will be on budget by the year end.

Materials, Contracts & Other Expenses

Materials, Contracts and Other expenses has an amended annual budget of \$51.34M and this line incorporates various expenditure types. Combined, this budget line is over budget (with a YTD variance of \$1,138K).

Waste Management is overspent by over \$2M, which is a direct offset by the increase in waste revenue.

Other programs of note that are underspent include; Buildings & Facilities, Parks & Reserves, and Roads Maintenance, mainly due to commitments which have yet to come to hand.

Interest Expenses & Depreciation and Amortisation

At this early point in the year there are no significant matters requiring comment.

Treasury Comment

The national economic data released in November was positive, however the RBA remain cautious due to both unemployment and underemployment rates. We note that the RBA updated its inflation forecast with a more positive outlook in estimates by December 2023.

City of Darwin has achieved 0.41% on weighted average interest rate on its November investment portfolio of \$124.05M. There have been no investment policy breaches in this month.

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.

Accounts Payable (Creditors)

The Accounts Payable owing at the 30th November 2021 was \$4,289,946. This amount forms part of the Trade and Other Payables line on the Statement of Financial Position. City of Darwin recognises the liability of invoices once entered and approved. Due to a delay in the authorisation process, an invoice was paid outside payment terms. In summary the Aged Trail Balance of Accounts Payable invoices was; \$634K being over 90 days, \$445K being between 30 & 90 days, with all other trade payables being aged less than 30 days.

The Council has met its payment and reporting obligations for GST, Fringe Benefits Tax, PAYG withholding tax, superannuation, and insurance for the month of November 2021.

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.

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"/></p> <p>Financial <input checked="" type="checkbox"/> Info Comms & Tech <input type="checkbox"/></p> <p>Legal & Compliance <input checked="" type="checkbox"/> Ops & Service Delivery <input type="checkbox"/></p> <p>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 2021</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>As there is no Council meeting in December, this report will be made available to the public by Councils website on Tuesday 21st December 2021. It will also be received by Council at the first Ordinary Meeting on 1 February 2022.</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 authors do 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 30 November 2021

	2021/22							2020/21		
	YTD Nov 2021		YTD Nov 2021		YTD	FY	FY	YTD	LY	
	Actual \$'000		Amended Budget \$'000		Variance \$'000	Original Budget \$'000	Amended Budget \$'000	Act v Amend Budget %	Actuals (Audited)	
Operating Income										
Rates & Annual Charges	32,069	64%	31,943	69%	126	76,666	76,666	100%	On Forecast	74,428
Statutory Charges	1,117	2%	1,058	2%	59	2,358	2,358	106%	On Forecast	2,110
User Fees & Charges	13,405	27%	9,327	20%	4,078	21,769	21,769	144%	Above forecast	24,994
Operating Grants & Subsidies	2,510	5%	2,498	5%	12	5,578	3,623	100%	On Forecast	6,356
Interest / Investment Income	360	1%	464	1%	(104)	1,113	1,113	78%	Below forecast	1,536
Other Income	869	2%	875	2%	(6)	1,780	1,810	99%	On Forecast	1,151
Total Income	50,330		46,165		4,164	109,264	107,338	109%		110,575
Operating Expenses										
Employee Expenses	15,072	30%	15,590	34%	518	37,504	37,592	97%	On Forecast	35,567
Materials & Contracts	24,011	48%	22,873	50%	(1,138)	49,941	51,344	105%	On Forecast	53,188
Elected Member Allowances	249	0%	277	1%	28	733	733	90%	On Forecast	649
Elected Member Expenses	39	0%	44	0%	5	64	64	89%	On Forecast	378
Depreciation, Amortisation & Impairment	13,382	27%	13,633	30%	251	32,720	32,720	98%	On Forecast	30,939
Interest Expenses	177	0%	164	0%	(13)	2,350	2,350	108%	On Forecast	1,215
Total Expenses	52,930		52,581		(349)	123,312	124,803	101%		121,937
Budgeted Operating Surplus/ (Deficit)	(2,601)		(6,417)		3,815	(14,048)	(17,466)	41%		(11,362)
Capital Grants & Contributions Income	4,082		3,582		500	12,173	15,083	114%	On Forecast	6,140
Asset Disposal Income (Loss) & Fair Value Adjustments	-		-		-	-	-	0%	-	(5,652)
Net Surplus/(Deficit)	1,481		(2,834)		4,315	(1,875)	(2,383)	-52%		(10,874)

Statement of Cash Flows

For the Period Ended 30 November 2021

	2021/22			YTD v Amend Budget %
	YTD Nov 2021	FY	FY	
	Actual \$'000	Original Budget \$'000	Amended Budget \$'000	
Funds From Operating Activities				
Net Operating Result From Above	1,481	(1,875)	(2,383)	
Add back depreciation (not cash)	13,382	32,720	32,720	
Add back Other Non Cash Items	-	629	629	
Net Funds Provided (or used in) Operating Activities	14,864	31,474	30,966	
Funds From Investing activities				
Sale of Infrastructure, Property, Plant & Equipment	149	1,040	1,040	14%
Purchase of Infrastructure, Property, Plant & Equipment	(11,717)	(91,466)	(86,579)	14%
Net Funds Provided (or used in) Investing Activities	(11,568)	(90,426)	(85,539)	
Funds From Financing Activities				
Proceeds from borrowings & advances	12,440	29,500	45,060	28%
Repayment of borrowings & advances	(246)	(3,085)	(3,085)	8%
Net Funds Provided (or used in) Financing Activities	12,194	26,415	41,975	
Net Increase (-Decrease) in Funds Before Transfers	15,490	(32,537)	(12,600)	
Transfers from (-to) Reserves	3,816	32,537	12,600	
Net Increase (-Decrease) in Funds After Transfers	19,305	0	0	

Statement of Financial Position
as at 30 November 2021

	2021/22			2020/21
	YTD Nov 2021	FY	FY	Audited
	Actual \$'000	Original Budget \$'000	Amended Budget \$'000	Actual \$'000
Current Assets				
Cash at Bank & Investments	47,591	20,359	12,088	24,491
Cash at Bank & Investments - externally restricted	44,474	24,561	40,654	40,654
Cash at Bank & Investments - internally restricted	32,666	11,403	40,301	40,301
Trade & Other Receivables	38,020	9,749	9,749	10,125
Inventories	367	420	420	358
Non Current Assets Held for Sale	0	0	0	0
Total Current Assets	163,117	66,492	103,212	115,929
Non-Current Assets				
Infrastructure, Property, Plant and Equipment	1,191,810	1,024,356	1,024,356	1,193,623
Lease Right of Use Assets	4,524	4,752	4,752	4,524
Total Non Current Assets	1,196,333	1,029,108	1,029,108	1,198,147
TOTAL ASSETS	1,359,450	1,095,600	1,132,320	1,314,076
Current Liabilities				
Trade & Other Payables	11,230	21,421	21,421	23,698
Rates Revenue struck (in advance)	44,833	0	0	0
Borrowings	595	3,194	3,194	1,423
Provisions	7,894	7,307	7,307	21,376
Lease Liabilities	829	806	806	813
Total Current Liabilities	65,380	32,728	32,728	47,310
Non-Current Liabilities				
Trade & Other Payables	6,588	0	0	16
Borrowings	21,044	48,805	48,805	8,604
Provisions	33,200	25,315	25,315	26,392
Lease Liabilities	3,841	4,652	4,652	3,841
Total Non Current Liabilities	64,672	78,772	78,772	38,853
TOTAL LIABILITIES	130,053	111,500	111,500	86,163
NET ASSETS	1,229,398	984,100	1,020,820	1,227,913
Equity				
Accumulated Surplus	324,513	331,300	323,029	323,029
Asset Revaluation Reserve	823,928	616,836	616,836	823,929
Other Reserves	80,956	35,964	80,955	80,955
TOTAL EQUITY	1,229,398	984,100	1,020,820	1,227,913

**INVESTMENTS REPORT TO COUNCIL
AS AT
30 November 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 November 2021

Term to Maturity Category	% of Total Portfolio	Term to Maturity (Policy Max.)	Term to Maturity (Policy Min.)
Less than 1 Year			
Term Deposits	76%		
Business Online Saver Accounts	17%		
Floating Rate Notes	1%		
Less than 1 Year Total	93%	100%	30%
Greater than 1 Year less than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	2%		
Bonds	2%		
Greater than 1 Year less than 3 Years Total	4%	50%	0%
Greater than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	1%		
Bonds	2%		
Greater than 3 Years Total	3%	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 November 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	35.08%	50.00%
	National Australia Bank Ltd	National Australia Bank Ltd	24.81%	50.00%
	Westpac Banking Corporation Ltd	BankSA	13.04%	50.00%
	Westpac Banking Corporation Ltd	Westpac Banking Corporation Ltd	0.96%	50.00%
	Northern Territory Treasury Corporation	Northern Territory Treasury Corporation	3.85%	50.00%
A+	Macquarie Bank	Macquarie Bank	0.96%	30.00%
	Suncorp Metway Limited	Suncorp Bank	4.33%	30.00%
BBB+	Bank of Queensland Ltd	Bank of Queensland Ltd	5.85%	10.00%
	Bendigo & Adelaide Bank Ltd	Bendigo & Adelaide Bank Ltd	7.25%	10.00%
	Bank of Queensland Ltd	Members Equity Bank Ltd	0.00%	10.00%
BBB	Teachers Mutual Bank Limited	Teachers Mutual Bank Limited	0.96%	10.00%
	AMP Bank Ltd	AMP Bank Ltd	2.90%	10.00%
Grand Total			100.00%	

Credit Rating - Maximum Portfolio Limit	% of Total	Policy Limit
AAA to AA-	78%	100.00%
A+ to A-	5%	45.00%
BBB+ to BBB	17%	30.00%
BBB-	0%	0.00%
Total	100.00%	

**INVESTMENT REPORT TO COUNCIL
AS AT
30 November 2021**

Institution Category	Counterparty	Maturity Date	Interest Rate	Credit Rating (LT)	Credit Rating (ST)	Inv Type	FRN ONLY (Maturity Date - last pmt)	Principal \$	% Portfolio	
MAJOR BANK	BankSA	26 April 2022	0.37%	AA-	A1+	TD		\$3,007,249	2.89%	
		17 May 2022	0.37%	AA-	A1+	TD		\$1,500,000	1.44%	
		24 May 2022	0.37%	AA-	A1+	TD		\$1,514,544	1.46%	
		14 June 2022	0.37%	AA-	A1+	TD		\$1,524,041	1.47%	
		3 May 2022	0.32%	AA-	A1+	TD		\$1,500,000	1.44%	
		23 August 2022	0.37%	AA-	A1+	TD		\$3,003,423	2.89%	
		30 August 2022	0.37%	AA-	A1+	TD		\$1,503,826	1.45%	
		BankSA Total						\$13,553,084	13.04%	
		Commonwealth Bank of Australia Ltd	18 January 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.44%
			18 January 2022	0.38%	AA-	A1+	TD		\$1,500,000	1.44%
			22 February 2022	0.35%	AA-	A1+	TD		\$1,500,000	1.44%
			22 February 2022	0.41%	AA-	A1+	TD		\$1,500,000	1.44%
			22 March 2022	0.36%	AA-	A1+	TD		\$1,500,000	1.44%
			15 February 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.44%
			7 December 2021	0.30%	AA-	A1+	TD		\$1,500,000	1.44%
			25 January 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.44%
			23 August 2022	0.43%	AA-	A1+	TD		\$1,503,717	1.45%
			26 July 2022	0.42%	AA-	A1+	TD		\$1,500,000	1.44%
			11 January 2022	1.16%	AA-	A1+	FRN	11 January 2024	\$1,000,000	0.96%
	25 October 2022		0.54%	AA-	A1+	TD		\$1,504,373	1.45%	
	9 August 2022		0.50%	AA-	A1+	TD		\$1,504,833	1.45%	
	2 December 2021	0.20%	AA-	A1+	BOS		\$17,432,682	16.78%		
	Commonwealth Bank of Australia Ltd Total						\$36,445,604	35.08%		
	National Australia Bank Ltd	22 February 2022	0.32%	AA-	A1+	TD		\$1,536,592	1.48%	
		22 March 2022	0.34%	AA-	A1+	TD		\$1,500,000	1.44%	
		26 April 2022	0.32%	AA-	A1+	TD		\$1,513,873	1.46%	
		26 April 2022	0.33%	AA-	A1+	TD		\$1,500,000	1.44%	
		17 May 2022	0.34%	AA-	A1+	TD		\$1,529,073	1.47%	
		17 May 2022	0.31%	AA-	A1+	TD		\$1,515,938	1.46%	
		19 April 2022	0.30%	AA-	A1+	TD		\$1,539,554	1.48%	
		19 April 2022	0.31%	AA-	A1+	TD		\$2,000,000	1.92%	
		24 May 2022	0.32%	AA-	A1+	TD		\$3,057,863	2.94%	
		14 June 2022	0.35%	AA-	A1+	TD		\$1,513,912	1.46%	
		30 August 2022	0.37%	AA-	A1+	TD		\$1,009,352	0.97%	
		4 October 2022	0.39%	AA-	A1+	TD		\$3,013,233	2.90%	
		25 October 2022	0.39%	AA-	A1+	TD		\$1,538,375	1.48%	
	12 July 2022	0.46%	AA-	A1+	TD		\$1,507,048	1.45%		
	9 August 2022	0.43%	AA-	A1+	TD		\$1,507,336	1.45%		
	National Australia Bank Ltd Total						\$25,782,148	24.81%		
	Westpac Banking Corporation Ltd	24 January 2022	1.18%	AA-	A1+	FRN	24 April 2024	\$1,000,000	0.96%	
	Westpac Banking Corporation Ltd Total						\$1,000,000	0.96%		
	Northern Territory Treasury Corporation (NTTC)	15 December 2022	0.50%	AA-	A1+	BOND		\$2,000,000	1.92%	
		15 December 2024	1.30%	AA-	A1+	BOND		\$2,000,000	1.92%	
	Northern Territory Treasury Corporation (NTTC) Total						\$4,000,000	3.85%		
MAJOR BANK Total								\$80,780,836	77.74%	
OTHER	AMP Bank Ltd	3 May 2022	0.65%	BBB	A2			\$1,505,049	1.45%	
		1 November 2022	1.00%	BBB	A2			\$1,505,984	1.45%	
		AMP Bank Ltd Total						\$3,011,032	2.90%	
		Bank of Queensland Ltd	23 August 2022	0.39%	BBB+	A2			\$1,506,133	1.45%
			13 September 2022	0.54%	BBB+	A2			\$1,528,383	1.47%
			1 November 2022	0.57%	BBB+	A2			\$1,533,695	1.48%
			29 November 2022	0.62%	BBB+	A2			\$1,506,393	1.45%
		Bank of Queensland Ltd Total						\$6,074,605	5.85%	
		Bendigo & Adelaide Bank Ltd	18 January 2022	0.35%	BBB+	A2			\$1,500,000	1.44%
			22 February 2022	0.35%	BBB+	A2			\$1,500,000	1.44%
			22 March 2022	0.35%	BBB+	A2			\$3,037,960	2.92%
			15 February 2022	0.35%	BBB+	A2			\$1,500,000	1.44%
		Bendigo & Adelaide Bank Ltd Total						\$7,537,960	7.25%	
		Macquarie Bank	14 February 2022	0.88%	A+	A1	FRN	6 February 2025	\$1,000,000	0.96%
		Macquarie Bank Total						\$1,000,000	0.96%	
		Suncorp Bank	19 April 2022	0.33%	A+	A1	TD		\$1,502,088	1.45%
			3 May 2022	0.32%	A+	A1	TD		\$1,500,000	1.44%
			7 June 2022	0.32%	A+	A1	TD		\$1,500,000	1.44%
		Suncorp Bank Total						\$4,502,088	4.33%	
	Teachers Mutual Bank Limited	28 January 2022	0.96%	BBB	A2			\$1,000,000	0.96%	
	Teachers Mutual Bank Limited Total						\$1,000,000	0.96%		
OTHER Total								\$23,125,686	22.26%	
Grand Total								\$103,906,521	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	\$14,445,913
NAB Offset Funds	\$5,701,213
Total Funds	\$124,053,648

Total Budgeted Investment Earnings \$812,937

Year to Date Investment Earnings \$157,251

Weighted Ave Rate	0.41%
BBSW 90 Day Rate	0.05%
Bloomberg AusBond (B:	0.06%

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

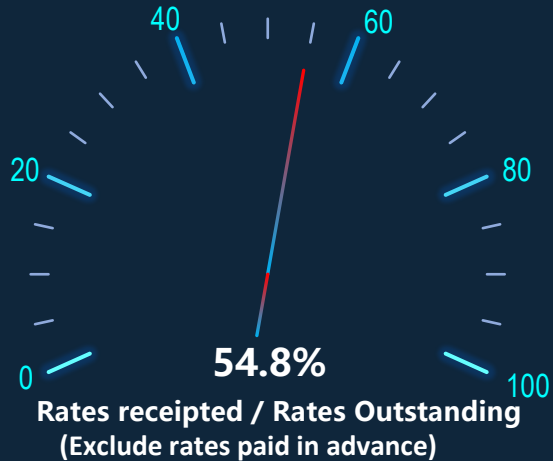
Trust Bank Account \$456,989

Monthly Rates & Receivable Statistic Dashboard

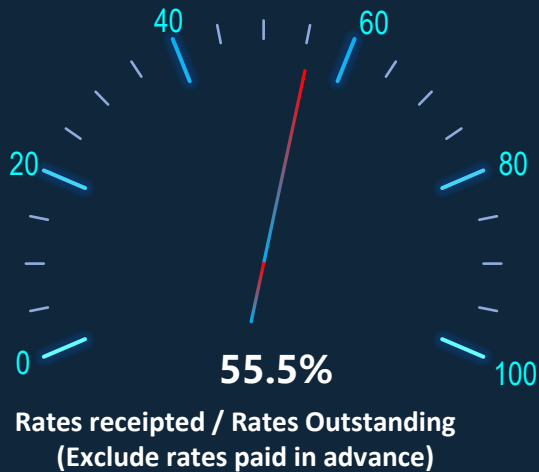
November 2021



2021/2022



2020/2021

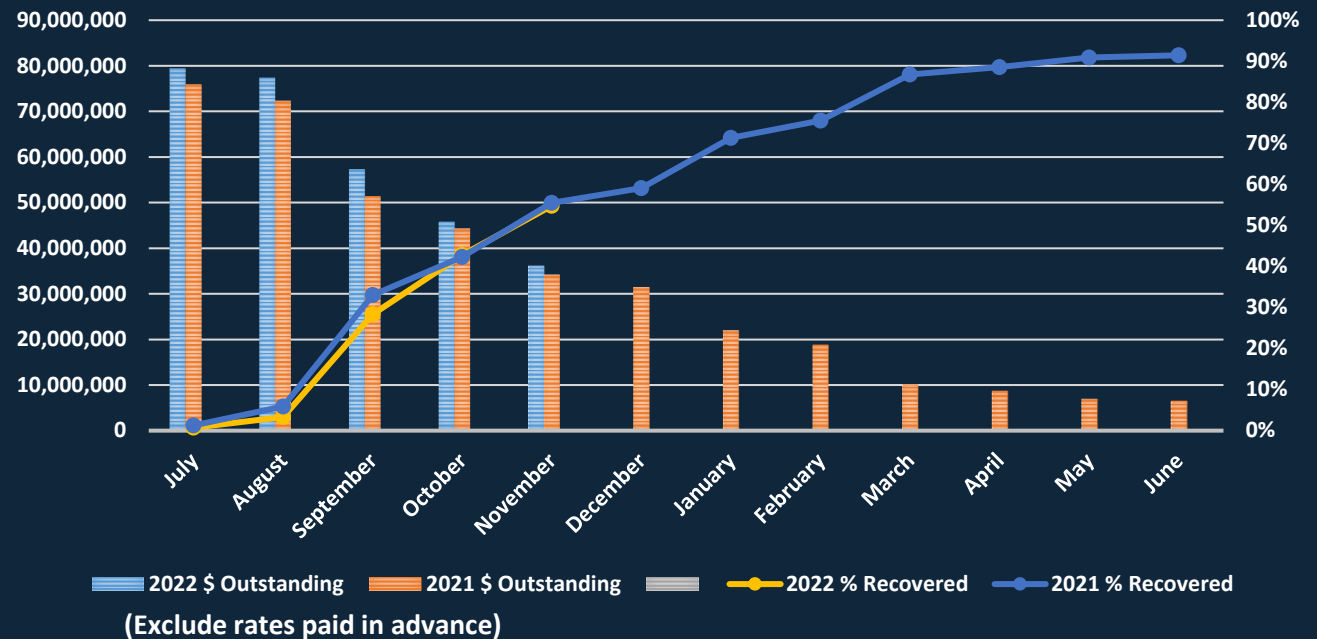


Rates
Receivable **\$36,188,044**
Balance

Arrears:
\$3,163,622

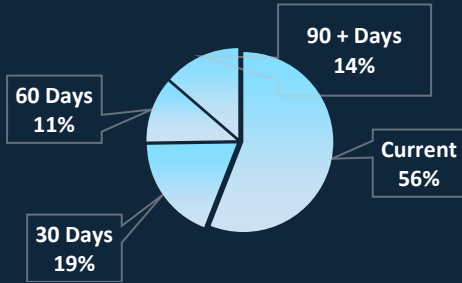
Accounts Receivable
Balance **\$3,846,161**
(Excl. Infringement)

MONTHLY RATES RECOVERY TOTALS 2021

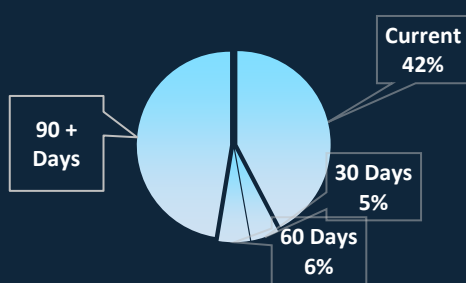


Accounts Receivable - Aging Analysis (Per category) (\$)

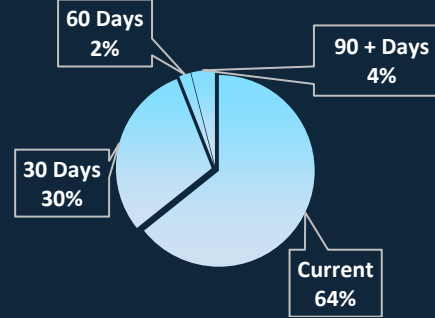
Works, Hire, Permits



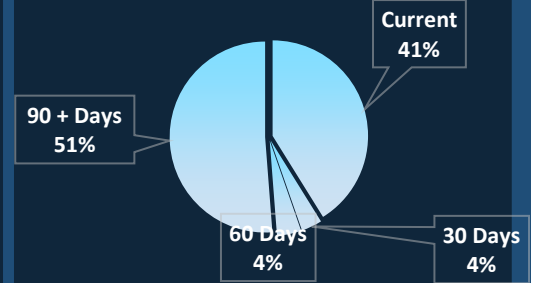
Rentals



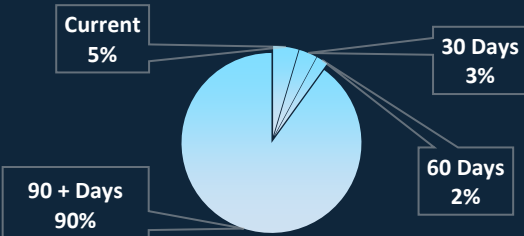
Shoal Bay



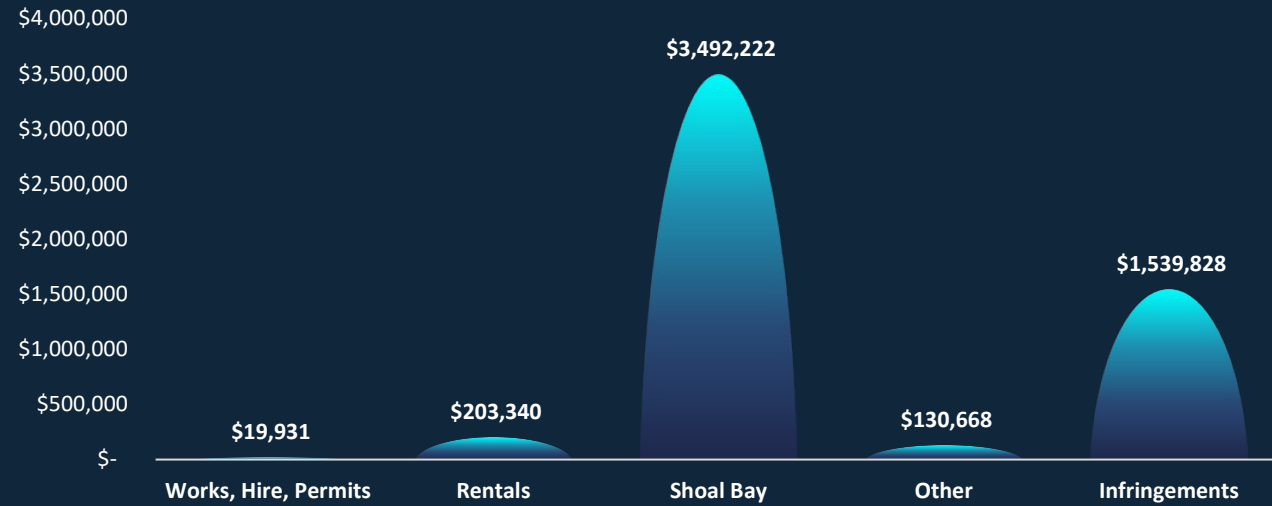
Other



Infringements



Accounts Receivable Balance (\$)



CREDITOR PAYMENTS - NOVEMBER -2021

YEAR TO DATE PAYMENT AS AT 30/11/2021 - \$ 80,648,533 TOTAL
PAYMENT FOR THE MONTH OF NOVEMBER 21 - \$12,926,205

TOP 10 PAYMENTS FOR THE MONTH OF NOVEMBER 21 - \$4,083,542

