

NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 13 MARCH 2019
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. BUDGET REPORT – KEY PERFORMANCE INDICATORS – 28 FEBRUARY 2019

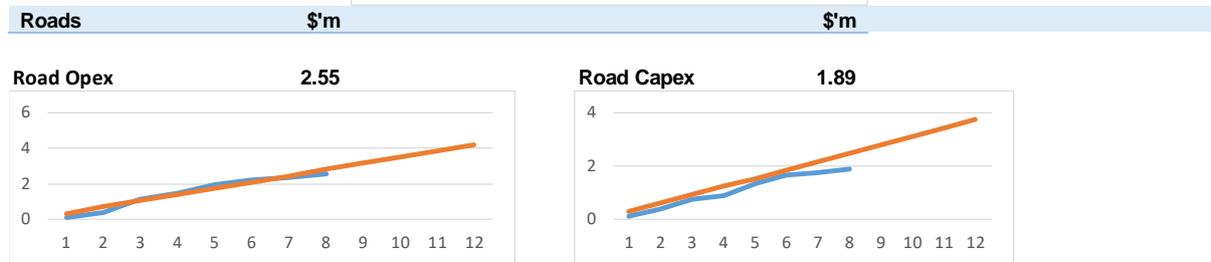
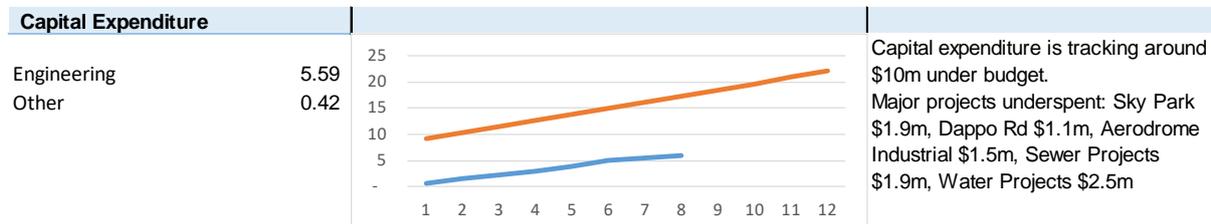
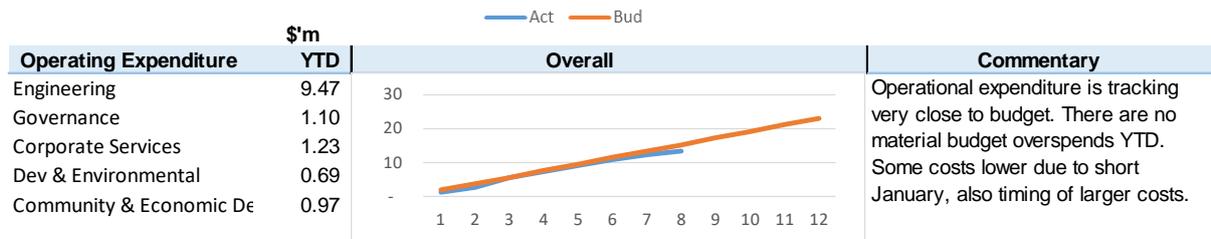
Author Director Finance and Corporate Strategy
 Responsible Officer Director Finance and Corporate Strategy
 Link to Strategic Plans CSP – 4.3.1 Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies

Executive Summary

This report is presented to Council as a concise method of understanding Council's financial performance in key areas.

Report

A compact representation of the Council's performance to budget for key areas is shown below.



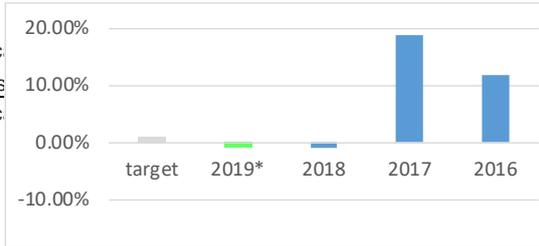
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1. BUDGET REPORT – KEY PERFORMANCE INDICATORS – 28 FEBRUARY 2019 cont'd

Local government industry indicators – consolidated

1. Operating performance ratio

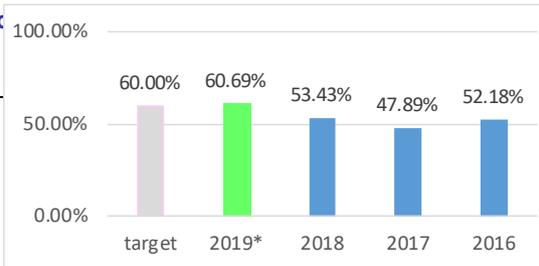
Total continuing operating revenue excluding grants and contributions less operating expenses
 Total continuing operating revenue excluding grants and contributions



Favourable - OLG benchmark is to breakeven (0%) or better which NSC are on track to achieve.

2. Own source operating revenue ratio

Total continuing operating revenue excluding all grants and contributions
 Total continuing operating revenue



Favourable - OLG recommendation is 60% own sourced or higher. NSC is currently 60.7%.

3. Unrestricted current ratio

Current assets less all external restrictions
 Current liabilities less specific purpose liabilities



Favourable - OLG recommendation is 1.5 times or higher. NSC is currently 6.3 times.

4. Debt service cover ratio

Operating result before capital excluding interest and depreciation/impairment/amortisation
 Principal repayments (Statement of Cash Flow plus borrowing costs (Income Statement)



Favourable - OLG recommendation is 2.0 times or higher. NSC is currently 9.0 times.

5. Rates, annual charges, interest and extra charges outstanding percentage

Rates, annual and extra charges outstanding
 Rates, annual and extra charges collectible



Favourable - OLG recommendation is 10% overdue or less. NSC is currently 7.3% overdue.

6. Cash expense cover ratio

Current year's cash and cash equivalents plus all term deposits
 Payments from cash flow of operating and financing activities



Favourable - OLG recommendation is 3.0 times or higher. NSC is currently 19.8 times.

1. **BUDGET REPORT – KEY PERFORMANCE INDICATORS – 28 FEBRUARY 2019
(cont'd)**

Financial Implications

Nil

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 748
- Local Government (General) Regulation, 2005 – Clause 202(b)

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

Nil

RECOMMENDATION

1. That the report regarding Council's Key Performance Indicators be received and noted.

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2. INVESTMENT REPORT AS AT 28 FEBRUARY 2019

| | |
|--------------------------------|--|
| Author | Director Finance & Corporate Strategy |
| Responsible Officer | Director Finance & Corporate Strategy |
| Link to Strategic Plans | CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council. |

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio increased **\$1,090,997** during the reporting period. This increase is due mostly to more Rates receipts than Capital and Operational Payments which was anticipated.

Financial Implications

The 2018/19 Budget estimates the total annual Investment Revenue as \$504,687 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at **28 February 2019** is **\$20,570,872**. The full list of investments is in ***Attachment No. 1***.

2. INVESTMENT REPORT AS AT 28 FEBRUARY 2019 (Cont'd)

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212
- Council Investment Policy adopted 11 March 2015
- Ministerial Investment Order – 12 January 2011

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

Attachments

- 1 Investments – 28 February 2019

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer

Attachment 1

Investments – 28 February 2019

| Financial Institution | Bank Rating | Investment Type/Maturity Date | Investment Rating | Current Rate | Term | Amount (\$) | Comment |
|---|-------------|---------------------------------|-------------------|--------------|----------|----------------------|-----------------------------------|
| Cash & At Call | | | | | | | |
| CBA | AA- | Business Online Saver - at call | A-1+ | 1.00% | N/A | 1,220,974.21 | S&P Short Term |
| CBA | AA- | Business Online Saver - at call | A-1+ | 1.00% | N/A | 95,441.63 | S&P Short Term |
| TOTAL | | | | | | 1,316,415.84 | |
| Percentage Exposure of Total Portfolio | | | | | | 6.40% | |
| Average Investment Yield (annualised) | | | | | | 1.00% | |
| Term Deposits | | | | | | | |
| Bankwest | AA- | Term Deposit - 06/03/2019 | A-1+ | 2.65% | 154 Days | 1,000,000.00 | S&P Short Term |
| AMP Bank | A | Term Deposit - 13/03/2019 | A-1 | 2.80% | 182 Days | 1,000,000.00 | S&P Short Term |
| Bankwest | AA- | Term Deposit - 20/03/2019 | A-1+ | 2.65% | 189 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 10/04/2019 | A-1+ | 2.70% | 182 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 24/04/2019 | A-1+ | 2.70% | 154 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 17/04/2019 | A-1+ | 2.71% | 126 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 08/05/2019 | A-1+ | 2.71% | 112 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 15/05/2019 | A-1+ | 2.71% | 161 Days | 1,000,000.00 | S&P Short Term |
| AMP Bank | A | Term Deposit - 29/05/2019 | A-1 | 2.70% | 182 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 05/06/2019 | A-1+ | 2.73% | 182 Days | 1,000,000.00 | S&P Short Term |
| NAB | AA- | Term Deposit - 12/06/2019 | A-1+ | 2.72% | 182 Days | 1,000,000.00 | S&P Short Term |
| Bankwest | AA- | Term Deposit - 13/06/2019 | A-1+ | 2.65% | 120 Days | 1,013,561.64 | S&P Short Term |
| NAB | AA- | Term Deposit - 19/06/2019 | A-1+ | 2.72% | 162 Days | 1,000,000.00 | S&P Short Term |
| Bankwest | AA- | Term Deposit - 20/06/2019 | A-1+ | 2.60% | 120 Days | 1,000,000.00 | S&P Short Term |
| TOTAL | | | | | | 14,013,561.64 | |
| Percentage Exposure of Total Portfolio | | | | | | 68.12% | |
| Average Investment Yield (annualised) | | | | | | 2.70% | |
| Pooled Managed Investments | | | | | | | |
| | | | | | | Market Value | Balance from 2017/2018 |
| TCorp | AAA | T-CorpIM Long Term Growth Fund | | | | 5,240,894 | 5,070,102 |
| Percentage Exposure of Total Portfolio | | | | | | 25.48% | |
| Average Investment Yield MTH | | | | | | 3.66% | |
| Average Investment Yield FYTD | | | | | | 3.37% | |
| Total Investment Portfolio | | | | | | 20,570,872 | |

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