

**4.5. FIN - 11/03/19 - Investment Report February 2019**

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**Reference**

Min No 19-48: Ordinary meeting of Council held on 25 February 2019.

**Summary**

To advise Council of investments held as at 28 February 2019 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

**Commentary**

Council's total investment portfolio, as at 28 February 2019 when compared to 31 January 2018, has increased by \$1,490,000 from \$29,140,000 to \$30,630,000. Cash in Council's bank account increased by \$884,078.37 from \$91,638.30 to \$975,716.67.

There is an overall increase in cash and investments of \$2,374,078.37 since 31 January 2019, which is mainly due to the ordinary operations of Council, receipts for the third rates instalment and the third instalment of the Financial Assistance Grant received in February.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of February 2019 were as follows:

Opening Balance of cash and investments as 01 February 2019	\$29,231,638.30
Plus New Investments – February 2019	\$6,884,078.37
Less Investments redeemed – February 2019	-\$4,510,000.00
Closing Balance of cash and investments as at 28 February 2019	\$31,605,716.67

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

**Policy Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 14 August 2017, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011

**Financial Implications**

- YTD interest income budget approved – \$485,333
- Cost centre - 3259
- YTD Income to date - \$552,617
- Future potential impact – Nil

The Council's interest income for YTD is \$67K is over budget due to a combination of reserve balances being greater than forecast and improved investment returns.

Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget estimate are processed through Council's Quarterly Budget Review process. Interest Returns are determined by average funds invested and the rate of interest return.

### **Legal and Risk Management Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 14 August 2017 Council adopted a revised Investment Policy and investments comply with this Policy.

Risk is managed by taking a conservative approach to managing Council's investments and only investing in term deposits.

### **CERTIFICATION OF THE 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 Investments Policy.

Ross Gurney  
Chief Financial and Information Officer (Responsible Accounting Officer)

### **Attachments**

1. Investment February 2019 Graph **[4.5.1]**

### **Recommendation**

#### **THAT**

1. Investments of \$30,630,000 and cash of \$975,716.67 for the period ending 28 February 2019 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

### Market Value by Issuer

Issuer	Market Value	% Total Value
AMP Bank Ltd	5,032,945.21	15.61%
Auswide Bank Limited	6,055,264.40	18.78%
Bank of Queensland Ltd	6,067,727.38	18.82%
Commonwealth Bank of Australia Ltd	1,520,000.00	4.71%
Members Equity Bank Ltd	7,011,601.36	21.75%
MyState Bank Ltd	4,027,020.55	12.49%
National Australia Bank Ltd	2,529,367.12	7.84%
Portfolio Total	32,243,926.02	100.00%

