



City of
Greater Geraldton
a vibrant future



MONTHLY FINANCIAL REPORT

For the Period Ended 31 October 2011

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STATEMENT OF FINANCIAL ACTIVITY

Statement of Financial Activity
October 2011

| | 2011/12 | Budget to | Actual to | Variance | | |
|---|---------------------|---------------------|---------------------|-------------------|---------------|----------|
| | Current Budget | Oct 2011 | Oct 2011 | \$ | % | |
| | \$ | \$ | \$ | | | |
| Operating Income | | | | | | |
| Rates | 29,098,948 | 28,645,612 | 28,665,577 | 19,965 | 0.1% | ✓ |
| Grants, Subsidies and Contributions | 19,173,647 | 3,077,341 | 3,043,589 | (33,752) | -1.1% | ✗ |
| Fees and Charges | 14,678,197 | 7,690,232 | 7,594,877 | (95,355) | -1.2% | ✗ |
| Interest Earnings | 1,736,749 | 491,578 | 533,113 | 41,535 | 8.4% | ✓ |
| Other Revenue | 1,398,368 | 653,384 | 757,803 | 104,419 | 16.0% | ✓ |
| Profit on Disposal of Assets | 2,610,604 | 0 | 0 | 0 | 0.0% | ✗ |
| | <u>68,696,513</u> | <u>40,558,147</u> | <u>40,594,959</u> | <u>36,812</u> | <u>0.1%</u> | <u>✓</u> |
| Operating Expenditure | | | | | | |
| Employees Costs | (25,148,763) | (8,478,392) | (7,493,535) | 984,857 | -11.6% | ✓ |
| Materials & Contractors | (36,697,308) | (7,414,379) | (4,417,521) | 2,996,858 | -40.4% | ✓ |
| Utility Charges | (2,623,394) | (873,860) | (609,251) | 264,609 | -30.3% | ✓ |
| Insurance Expenses | (848,691) | (417,366) | (598,174) | (180,808) | 43.3% | ✗ |
| Interest Expenses | (1,258,713) | (452,438) | (50,285) | 402,153 | -88.9% | ✓ |
| Other Expenditure | (1,589,834) | (419,571) | (644,084) | (224,513) | 53.5% | ✗ |
| Depreciation on Non-Current Assets | (13,997,086) | (4,665,640) | (4,665,640) | 0 | 0.0% | ✗ |
| Loss on Disposal of Assets | (181,598) | 0 | 0 | 0 | 0.0% | ✗ |
| | <u>(82,345,387)</u> | <u>(22,721,646)</u> | <u>(18,478,490)</u> | <u>4,243,156</u> | <u>-18.7%</u> | <u>✓</u> |
| NET OPERATING | (13,648,874) | 17,836,501 | 22,116,469 | 4,279,968 | 24.0% | ✓ |
| Non-Cash Expenditure and Revenue | | | | | | |
| (Profit)/Loss on Asset Disposals | (2,429,006) | 0 | 0 | 0 | 0.0% | ✗ |
| Depreciation on Assets | 13,997,086 | 4,665,640 | 4,665,640 | 0 | 0.0% | ✗ |
| Prior Year Adjustments | 0 | 0 | 11,197 | 11,197 | 0.0% | ✓ |
| | <u>11,568,080</u> | <u>4,665,640</u> | <u>4,676,837</u> | <u>11,197</u> | <u>0.2%</u> | <u>✓</u> |
| Capital Expenditure | | | | | | |
| Purchase Land and Buildings | (16,376,927) | (3,613,931) | (768,453) | 2,845,478 | -78.7% | ✓ |
| Purchase Plant and Equipment | (5,270,880) | (2,019,313) | (730,202) | 1,289,111 | -63.8% | ✓ |
| Purchase Furniture and Equipment | (192,400) | (64,128) | (32,950) | 31,178 | -48.6% | ✓ |
| Purchase Infrastructure Assets - Roads | (12,330,068) | (2,568,800) | (1,214,906) | 1,353,894 | -52.7% | ✓ |
| Purchase Infrastructure Assets - Parks | (9,210,840) | (3,070,152) | (154,382) | 2,915,770 | -95.0% | ✓ |
| Self Supporting / Council Loans Paid Out | (250,000) | (83,332) | 0 | 0 | 0.0% | ✗ |
| Repayment of Debentures | (2,679,530) | (501,916) | (408,857) | 93,059 | -18.5% | ✓ |
| | <u>(46,310,645)</u> | <u>(11,921,572)</u> | <u>(3,309,750)</u> | <u>8,611,822</u> | <u>-72.2%</u> | <u>✓</u> |
| Capital Revenue | | | | | | |
| Proceeds from Disposal of Assets | 5,396,363 | 224,560 | 324,727 | 100,167 | 44.6% | ✓ |
| Proceeds from New Debentures | 25,630,000 | 0 | 0 | 0 | 0.0% | ✗ |
| Self-Supporting Loan Principal Income | 65,817 | 27,520 | 27,798 | 278 | 1.0% | ✓ |
| Council Loan Principal Income | 112,041 | 0 | 41,734 | 41,734 | 0.0% | ✓ |
| | <u>31,204,221</u> | <u>252,080</u> | <u>394,259</u> | <u>142,179</u> | <u>56.4%</u> | <u>✓</u> |
| Reserves | | | | | | |
| Transfers to Reserves (Restricted Assets) | (4,150,000) | (333,332) | (1,102,806) | (769,474) | 230.8% | ✗ |
| Transfers from Reserves (Restricted Assets) | 20,743,102 | 0 | 0 | 0 | 0.0% | ✗ |
| | <u>16,593,102</u> | <u>(333,332)</u> | <u>(1,102,806)</u> | <u>(769,474)</u> | <u>230.8%</u> | <u>✗</u> |
| Opening Fund Surplus/(Deficit) | 49,101 | 49,101 | 49,101 | | | |
| Closing Funding Surplus/ (Deficit) | <u>(545,015)</u> | <u>10,548,418</u> | <u>22,824,110</u> | <u>12,275,692</u> | <u>116.4%</u> | <u>✓</u> |

**Notes to the Statement of Financial Activity
For the Period Ended 31st October 2011**

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing a minimal positive variance of \$36,812 or 0.1%

Fees and Charges – There is a negative variance of \$95,355 or 1.2% mainly due to the seasonal trend of receipts in fees and charges.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$4,243,156 or 18.7% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$984,857 or 11.6% which is associated mainly with the vacancies to be filled.

Materials and Contractors – Expenditure is showing a positive variance of \$2,996,858 or 40.4%. This type of variation at this time of year relates mainly to the budgeted cash outflows requiring adjustments to reflect either current or delayed activity.

Utilities & Govt Charges – Expenditure is showing a positive variance of \$264,609 or 30.3% which is associated with the timing of payments associated with all utilities including street lighting.

Insurance - Expenditure is showing a negative variance of \$180,808 or 43.3%. Post budget confirmation of premiums costs are well above anticipated increase. The City is currently undertaking a review these increases with our insurer LGIS.

Interest/Borrowing Costs - Expenditure is showing a positive variation of \$402,153 or 88.9% which is associated with the timing of loan repayments and the acquisition of new loans.

Other Expenses - Expenditure is showing a negative variance of \$224,513 or 53.5%. This has resulted due to Household Refuse costs (\$203,842) being incorrectly costed to this expenditure type instead of Materials & Contractors.

Depreciation - Revaluations of the City's assets are currently underway and a more accurate depreciation will be determined in January once all the new values are entered in the asset registers.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$8,611,822 or 72.2% due to the following:

Purchase Land & Buildings - The positive variance of \$2,845,478 or 78.7% is associated with the project timing associated with the Office Redevelopment.

Purchase Plant & Equipment - The positive variance of \$1,289,111 or 63.8% is related to budgeted cash outflow profiles requiring adjustments.

Purchase Infrastructure Assets – Roads - The positive variance of \$1,353,894 or 52.7% is due to a delay in commencement of road projects.

Purchase Infrastructure Assets – Parks - The positive variance of \$2,915,770 or 95% is related to the delay in the commencement of Eastern Breakwater Development and Eadon Clarke Redevelopment.

Repayment of Debentures - The positive variance of \$93,059 or 18.5% is largely associated non take up of loans.

Capital Revenue

Capital Revenue is showing a positive variance of \$142,179 or 56.4% which is due to the following:

Proceeds from Disposal of Assets - The positive variance of \$100,167 or 44.6% is due to an earlier than expected receipt of monies.

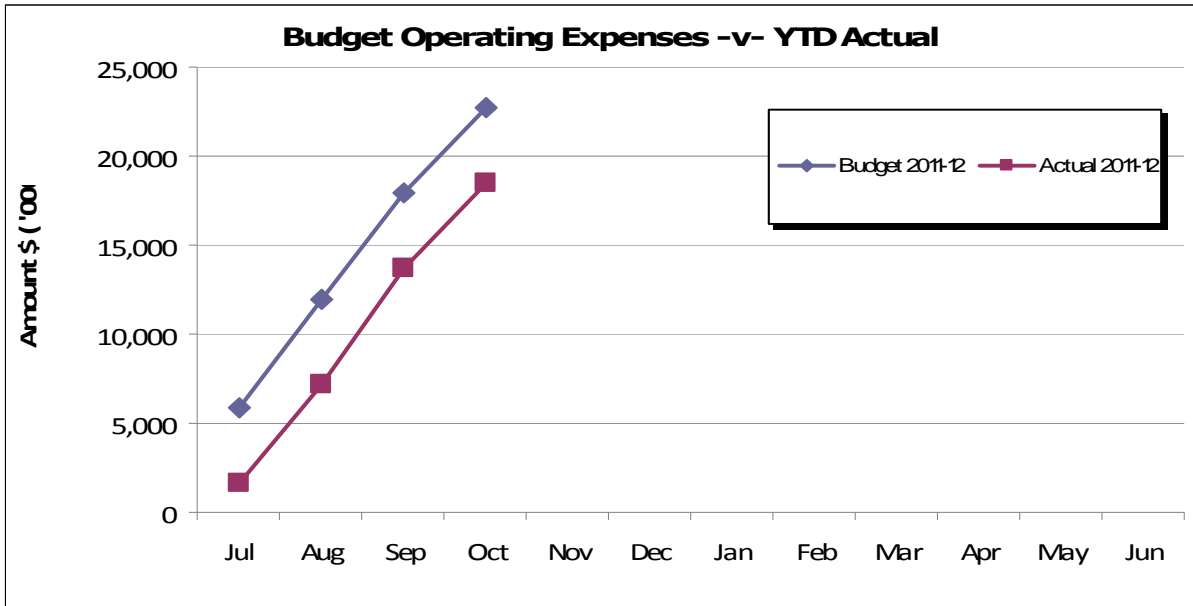
Notes to the Statement of Financial Activity
For the Period Ended 31st October 2011

Reserves

Transfers to Reserves - The variance of \$769,474 or 230.% is associated with the transfer of funds from operating to Asset Development and Asset Renewal Reserves.

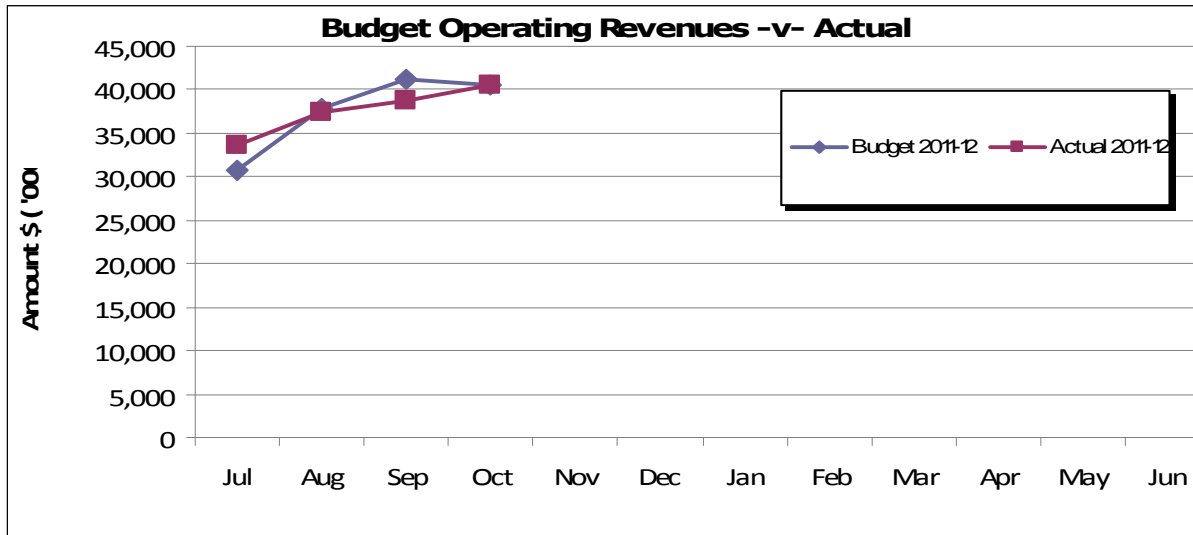
**Notes to the Statement of Financial Activity
For the Period Ended 31st October 2011**

NOTE 2. GRAPHICAL REPRESENTATION OF REVENUE AND EXPENSES



Comments/Notes - Operating Expenses

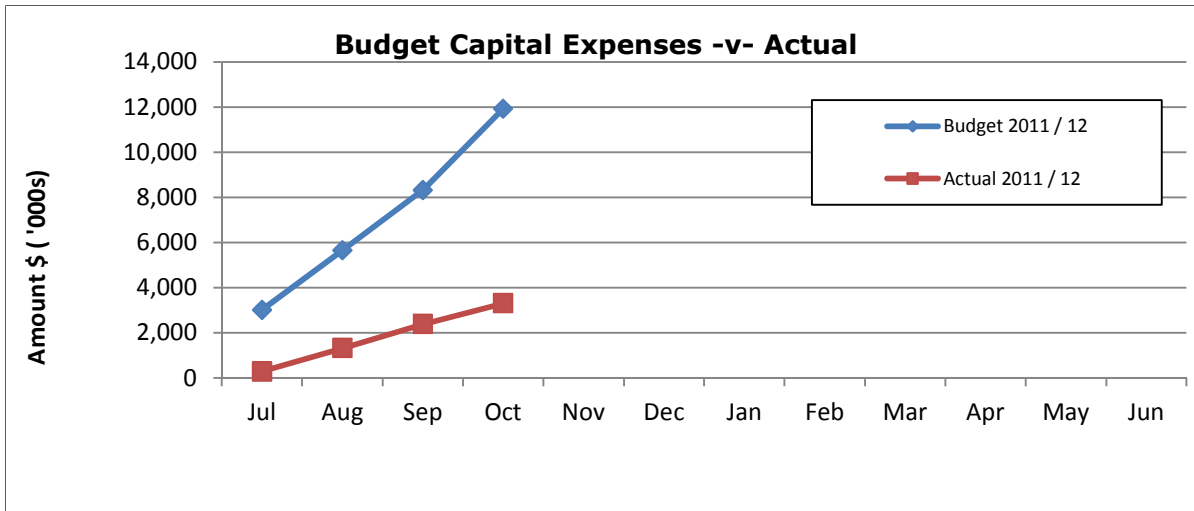
Operating expenditure is underspent by \$4,243,156 mainly due to an underspend of employee costs, contracts and material.



Comments/Notes - Operating Revenues

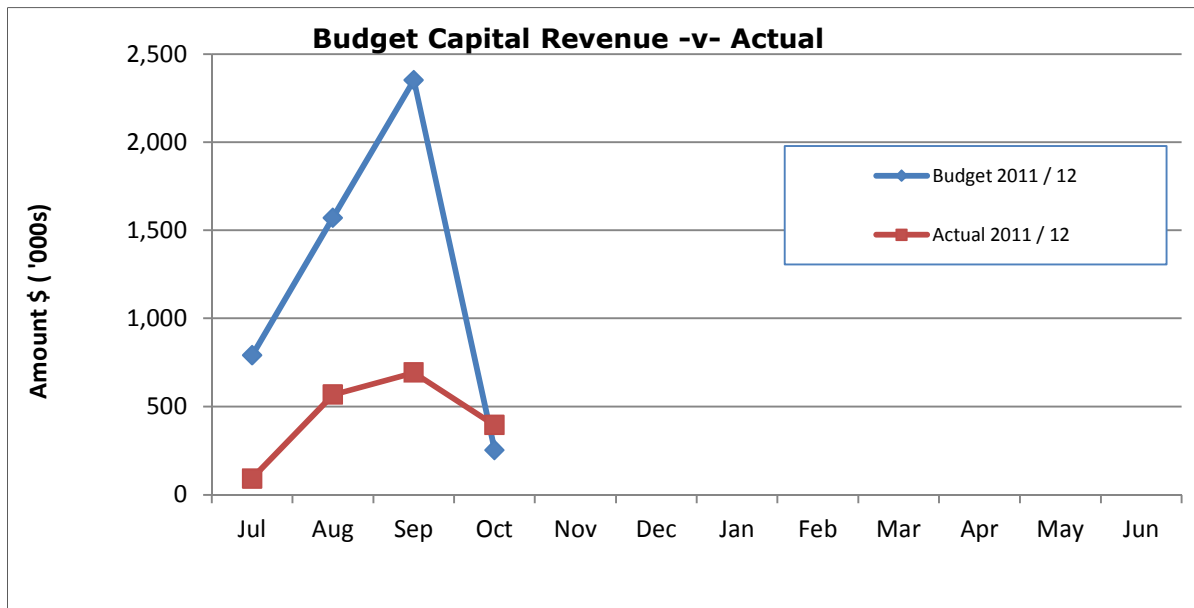
Operating revenue is on target with a minimal variance of \$36,812

**Notes to the Statement of Financial Activity
For the Period Ended 31st October 2011**



Comments/Notes - Capital Expenses

Capital expenditure is underspent by \$8,611,822 which is mainly due to the delay in commencement of major projects.



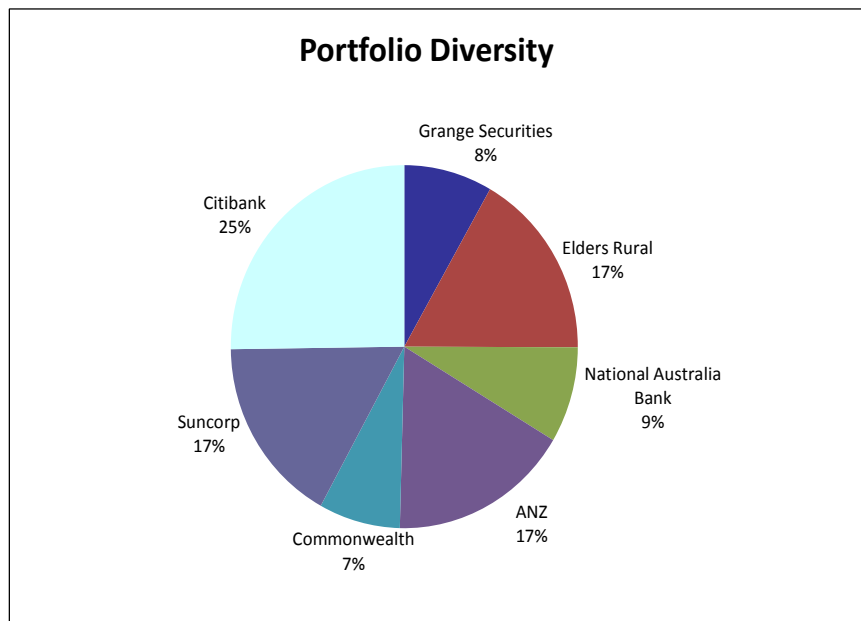
Comments/Notes - Capital Revenues

Capital revenue is on target with a minimal variance of \$142,179.

**Notes to the Statement of Financial Activity
For the Period Ended 31st October 2011**

NOTE 3. MONTHLY INVESTMENT REPORT

| Deposit Ref | Current Credit Rating | Deposit Date | Term (Years) | Invested Interest rates | Original Investment | Current Investment | Interest Earned YTD | Current Value @ 31/10/2011 | Percentage of Portfolio |
|--------------------------------|-----------------------|--------------|--------------|-------------------------|---------------------|--------------------|---------------------|----------------------------|-------------------------|
| Grange Securities | | | | | | | | | |
| Helium Capital-Esper | CCC- | 22/3/2006 | 6 | 4.98% | 500,000 | 500,000 | 8,435 | 135,880 | |
| Parkes AAA | CCC- | 15/8/2006 | 8+ | 4.30% | 250,000 | 250,000 | 4,170 | 27,935 | |
| Kakadu | B- | 12/5/2006 | 7+ | 4.28% | 700,000 | 700,000 | 11,280 | 127,169 | |
| Merimbula | BB- | 6/5/2007 | 6 | | 500,000 | 500,000 | | 465,000 | |
| Scarborough AA Ac 21 | CCC- | 25/5/2006 | 8 | 5.96% | 500,000 | 500,000 | 5,540 | 5,405 | |
| Subtotal | | | | | 2,450,000 | 2,450,000 | 29,426 | 761,389 | 8.2% |
| Commonwealth | | | | | | | | | |
| Reserve 150 | A1+ | 31/8/2011 | 0.25 | 5.87% | 2,247,000 | 2,257,619 | 10,619 | 2,247,000 | |
| Subtotal | | | | | 2,247,000 | 2,257,619 | 10,619 | | 7.6% |
| National Australia Bank | | | | | | | | | |
| Reserve 151 | A1+ | 2/9/2011 | 0.25 | 5.93% | 2,546,755 | 2,546,755 | | 2,546,755 | |
| Subtotal | | | | | 2,546,755 | 2,546,755 | - | | 8.6% |
| Citibank | | | | | | | | | |
| Reserve 152 | A1 | 2/9/2011 | 0.25 | 6.05% | 2,500,000 | 2,500,000 | | 2,500,000 | |
| Reserve 155 | A1 | 2/9/2011 | 0.50 | 6.10% | 5,000,000 | 5,000,000 | | 5,000,000 | |
| Subtotal | | | | | 7,500,000 | 7,500,000 | - | | 25.2% |
| Rural Bank | | | | | | | | | |
| Reserve 154 | A2 | 2/9/2011 | 0.50 | 6.05% | 5,000,000 | 5,000,000 | | 5,000,000 | |
| Subtotal | | | | | 5,000,000 | 5,000,000 | - | | 16.8% |
| Suncorp | | | | | | | | | |
| Reserve 153 | A1 | 2/9/2011 | 0.50 | 5.89% | 5,000,000 | 5,000,000 | | 5,000,000 | |
| Subtotal | | | | | 5,000,000 | 5,000,000 | - | | 16.8% |
| ANZ | | | | | | | | | |
| Municipal 230 | A1+ | 2/9/2011 | 0.25 | 6.02% | 5,000,000 | 5,000,000 | | 5,000,000 | |
| Subtotal | | | | | 5,000,000 | 5,000,000 | - | | 16.8% |
| Total Funds Invested | | | | | 29,743,755 | 29,754,374 | 40,045 | | 100.0% |



Notes to the Statement of Financial Activity For the Period Ended 31st October 2011

NOTE 4. RECEIVABLES

Receivables - Rates and Rubbish

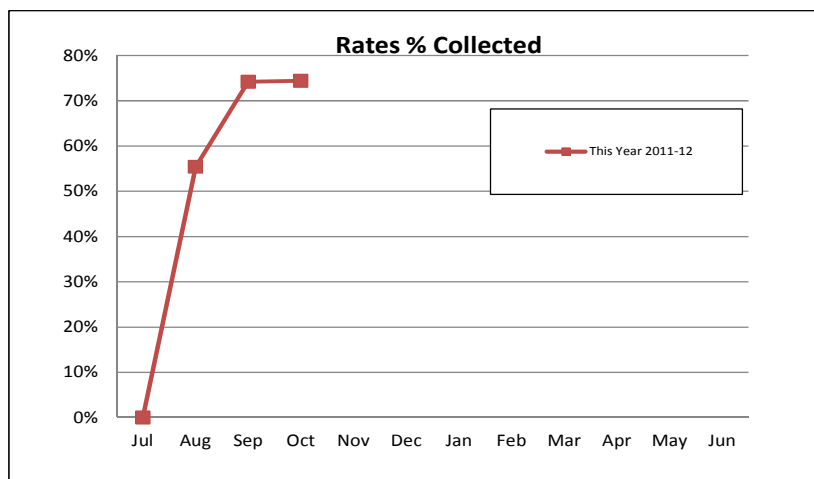
Opening Arrears Previous Years
Rates Levied this year
Less Collections to date
Equals Current Outstanding

Comprises of Current Amt:
Deferred Amt:

Net Rates Collectable

% Collected

| Current YTD |
|------------------|
| \$ |
| 1,045,807 |
| 33,972,177 |
| 26,741,991 |
| 8,275,993 |
| 8,476,922 |
| (200,928) |
| -76.37% |



Comments/Notes - Receivables Rates and Rubbish

As this is the first year of the City of Greater Geraldton there is no previous year figures to report.

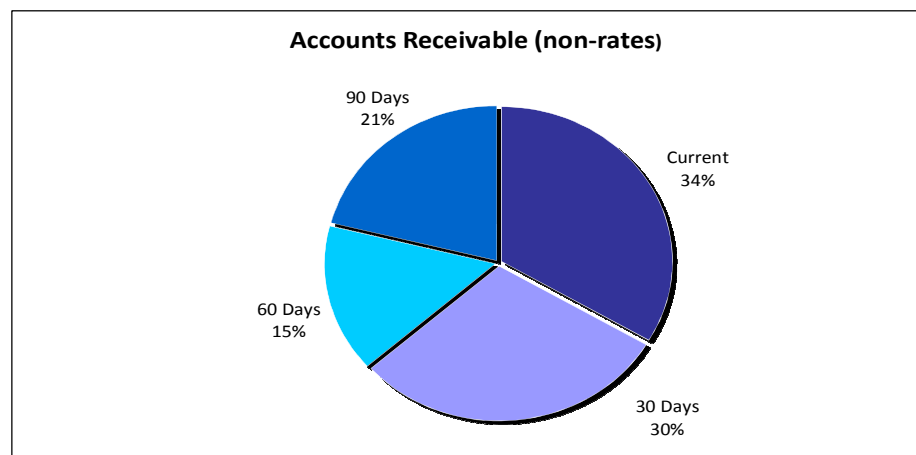
Receivables

| | Current | 30 Days | 60 Days | 90 Days |
|--------------------------|---------|---------|---------|------------------|
| | \$ | \$ | \$ | \$ |
| General | 473,219 | 424,089 | 218,133 | 297,618 |
| Total Outstanding | | | | 1,413,059 |

| | | |
|---------|---------|-----|
| General | 834,644 | 59% |
| Airport | 359,844 | 25% |
| Meru | 218,570 | 15% |

All Receivables 1,413,059 100%

Amounts shown above include GST (where applicable) and do not make allowance for accrued income or doubtful debts.



Comments/Notes - Receivables / Payables General

The October result shows an increase in the 60 and 90 day outstanding debts. The bulk of the 60 day outstanding figure is an invoice for \$150,000. The bulk of the 90 day outstanding figure is a result of lease payment arrangements to pay and firebreak cost recoveries. At 10th November there is a significant reduction in this figure.