



City of  
**Greater Geraldton**  
a vibrant future



## **MONTHLY FINANCIAL REPORT**

**For the Period Ended 31 March 2012**

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**STATEMENT OF FINANCIAL ACTIVITY - NATURE OR TYPE**

**CITY OF GREATER GERALDTON**

	Current Budget	Budget to March 12	Actual to 31 March 12	Variances		
<b>Operating Income</b>						
Rates	28,939,544	28,782,288	28,791,923	(9,635)	0.0%	✓
Grants & Subsidies, Contributions	24,386,139	14,024,444	9,422,730	4,601,714	32.8%	✗
Fees & Charges	14,565,387	11,686,155	12,733,257	(1,047,102)	-9.0%	✓
Interest Earnings	1,908,749	1,434,055	1,595,531	(161,476)	-11.3%	✓
Other	1,507,649	1,116,908	1,005,387	111,521	10.0%	✗
Profit On Disposal Of Assets	460,809	284,389	0	284,389	100.0%	✗
	71,768,277	57,328,239	53,548,828	3,779,411	6.6%	✗
<b>Operating Expenditure</b>						
Employee Costs	(24,219,255)	(18,164,861)	(17,945,977)	(218,884)	1.2%	✓
Materials & Contractors	(24,249,371)	(15,767,231)	(11,615,708)	(4,151,523)	26.3%	✓
Utility & Govt Charges	(2,556,802)	(1,918,039)	(1,831,581)	(86,458)	4.5%	✓
Insurance	(1,056,122)	(848,346)	(875,043)	26,697	-3.1%	✗
Interest/Borrowing Costs	(882,933)	(632,208)	(235,878)	(396,330)	62.7%	✓
Miscellaneous	(2,634,609)	(1,732,448)	(1,325,878)	(406,570)	23.5%	✓
Depreciation On Assets	(13,997,086)	(10,497,690)	(10,497,690)	0	0.0%	✗
Loss On Disposal Of Assets	(181,598)	(90,798)	0	(90,798)	100.0%	✓
	(69,777,776)	(49,651,621)	(44,327,755)	(5,323,866)	10.7%	✓
<b>NET OPERATING</b>	<b>1,990,501</b>	<b>7,676,618</b>	<b>9,221,073</b>	<b>(1,544,455)</b>	<b>-20.1%</b>	<b>✓</b>
<b>Non-Cash Expenditure and Revenue</b>						
(Profit) / Loss on Asset Disposals	(279,211)	(193,591)	0	(193,591)		
Depreciation on Assets	13,997,086	10,497,690	10,497,690	0		
	13,717,875	10,304,099	10,497,690	(193,591)		
<b>Capital Expenditure</b>						
Purchase Land	(6,300,000)	(6,300,000)	(5,833,978)	(466,022)	7.4%	✓
Purchase Buildings	(6,783,741)	(2,680,138)	(1,417,037)	(1,263,101)	47.1%	✓
Purchase Plant and Equipment	(4,539,595)	(3,373,619)	(1,701,757)	(1,671,862)	49.6%	✓
Purchase Furniture and Equipment	(660,831)	(478,251)	(337,871)	(140,380)	29.4%	✓
Purchase Infrastructure Assets - Roads	(13,451,656)	(6,258,021)	(2,766,797)	(3,491,224)	55.8%	✓
Purchase Infrastructure Assets - Parks	(9,951,838)	(2,928,718)	(2,193,116)	(735,602)	25.1%	✓
Repayment of Debentures	(2,516,751)	(1,678,085)	(1,495,487)	(182,598)	10.9%	✓
Self Supporting / Council Loans paid out	(275,000)	(250,000)	(250,000)	0	0.0%	
	(44,479,412)	(23,946,832)	(15,996,043)	(7,950,789)	33.2%	✓
<b>Capital Revenue</b>						
Proceeds from Disposal of Assets	3,151,818	1,152,100	712,923	439,177	38.1%	✗
Proceeds from New Debentures	9,575,000	8,800,000	6,050,000	2,750,000	31.3%	✗
Self-Supporting Loan Principal Income	65,817	49,276	37,222	12,054	24.5%	✗
Council Loan Principal Income	112,041	93,937	93,937	0		
	12,904,676	10,095,313	6,894,082	3,201,231	31.7%	✗
<b>Reserves</b>						
Transfers to Reserves	(3,460,261)	(2,020,692)	(1,102,806)	(917,886)	45.4%	✓
Transfers from Reserves	19,160,537	5,528,447	0	5,528,447	100.0%	✗
	15,700,276	3,507,755	(1,102,806)	4,610,561	131.4%	✗
<b>Opening Funding Surplus (Deficit)</b>	<b>(370,200)</b>					
<b>Closing Funding Surplus (Deficit)</b>	<b>(536,284)</b>	<b>7,636,953</b>	<b>9,513,996</b>	<b>(1,877,043)</b>	<b>-24.6%</b>	<b>✓</b>

## **NOTE 1 MAJOR VARIANCES**

### Operating Income

Operating Income is showing negative variance of \$3,779,411 or 6.6% largely due to grants which are below budget by \$4,601,714 or 32.8%. Fees and charges are better than budget by \$1,047,102 or 9% and interest income is better than budget by \$161,476 or 11.3% due to a larger amount of funds invested.

### Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$5,323,866 or 10.7% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$218,884 or 1.2% which is associated with the current level of vacant positions.

Materials and Contractors – Expenditure is showing a positive variance of \$4,151,523 or 26.3%. This variance is mainly associated with operational works and the Future City project which will incur costs as the year progresses. However costs associated with property development including Olive Street, Kempton Street & the Airport Technology Park experience some delay.

Utilities & Govt Charges – Expenditure is showing a positive variance of \$86,458 or 4.5% which is associated with the payment of power accounts including street lighting.

Interest/Borrowing Costs - Expenditure is showing a positive variation of \$396,330 or 62.7% which is associated with the timing of loan repayments and the acquisition of new loans. As interest payments are processed and new debentures acquired the level of payments will increase accordingly.

Miscellaneous - Expenditure is showing a positive variance of \$406,570 or 23.5%.

Depreciation on Assets – Revaluations of the City's assets are currently underway and a more accurate depreciation will be determined in the April/May report once all the new revaluation figures had been uploaded onto the system.

### Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$7,795,789 or 33.2% due to the following:

Purchase Buildings - The positive variance of \$1,263,101 or 47.1% is associated with the timing of capital projects including the Cathedral Office Renovations and the Meru Recycling Building.

Purchase Plant & Equipment - The positive variance of \$1,671,862 or 49.6% is related to timing of capital purchases of P & E.

Purchase Furniture & Equipment - The positive variance of \$140,380 or 29.4% is considered short term until the old Library area is ready for staff use in May.

Purchase Infrastructure Assets – Roads - The positive variance of \$3,491,224 or 55.8% is due to delay in the commencement of road projects including Flores/Place Road intersection.

Purchase Infrastructure Assets – Parks - The positive variance of \$735,602 or 25.1% is associated with the delay in the commencement of Eastern Breakwater Development and Derna Parade.

Repayment of Debentures - The difference in repayment of debentures of \$182,598 or 10.9% and reflects the level of borrowing currently undertaken.

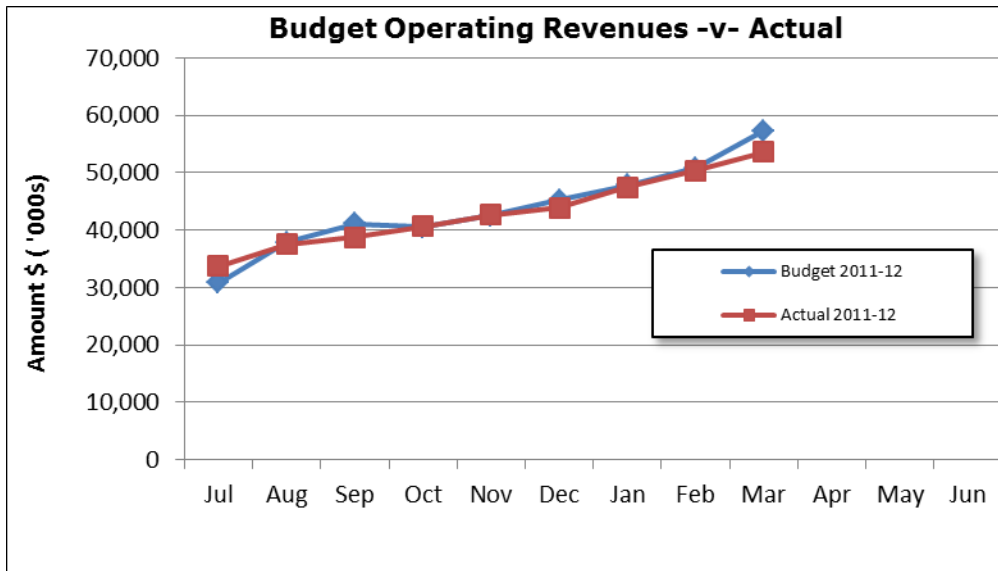
### Capital Revenue

Capital Revenue is showing a negative variance of \$3,201,231 or 31.7% which is due to the following:

Proceeds from New Debentures - Proceeds from new loans is showing a negative variance of \$2,750,000 or 31.3% due to less loans been taken out.

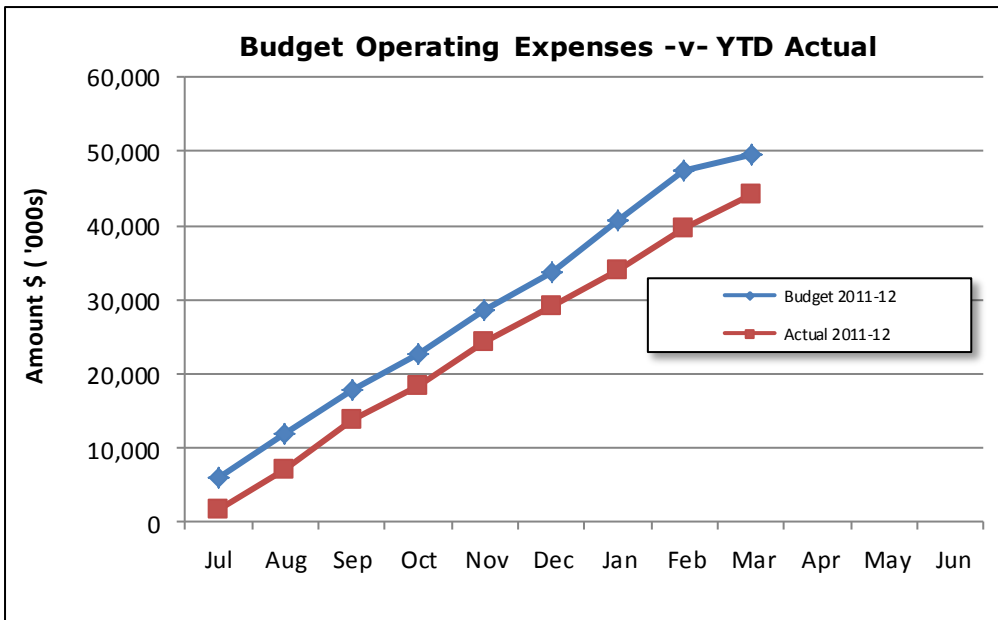
Proceeds from Disposal of Assets - Timing of Fleet Replacement.

**NOTE 2 GRAPHICAL REPRESENTATION OF REVENUE AND EXPENSES**



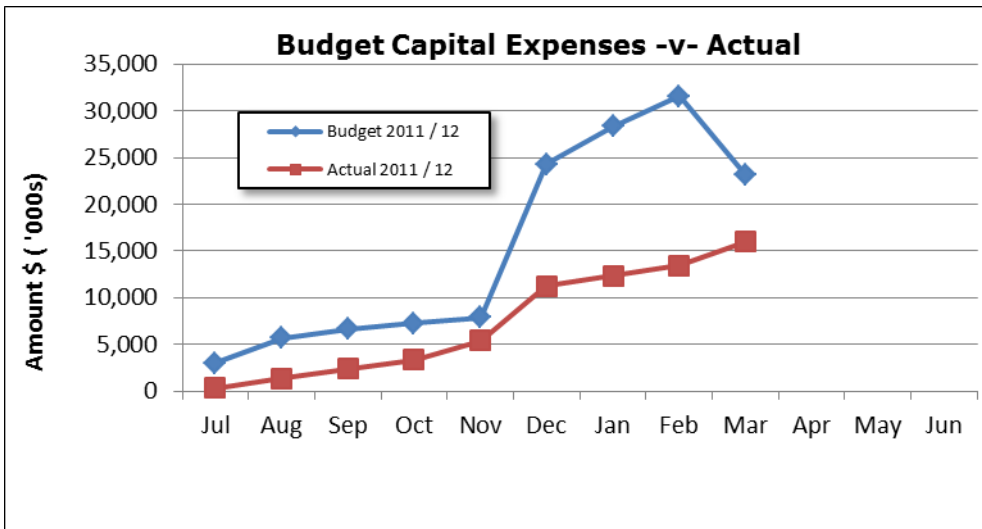
**Comments/Notes - Operating Revenues**

Operating revenue is under budget with a variance of \$3,779,411 which is due to Grants & Subsidies.



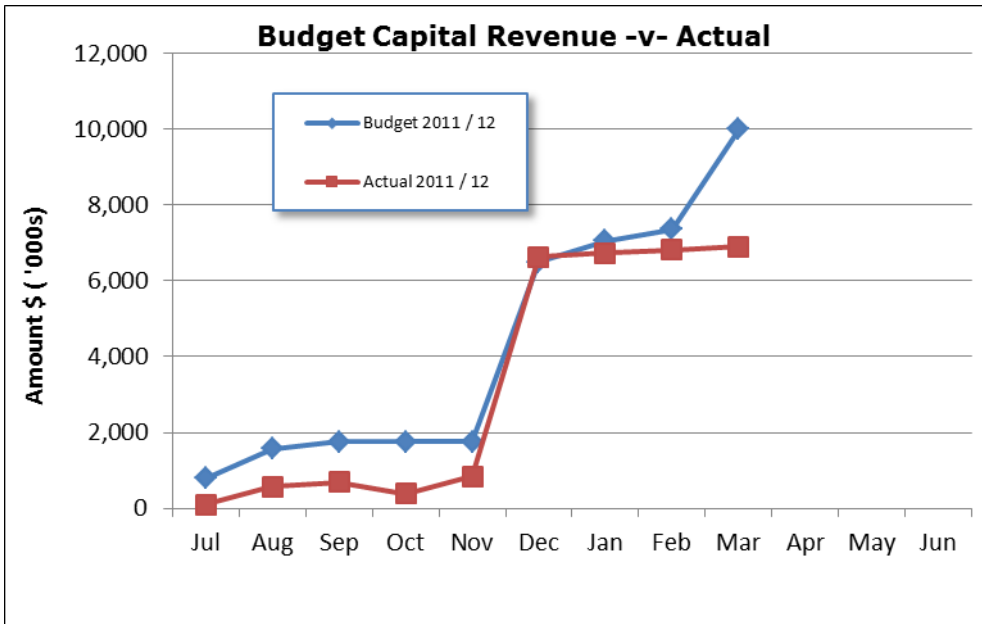
**Comments/Notes - Operating Expenses**

Operating expenditure is underspent by \$5,323,866 which is due mainly to Materials and Contractors, Interest/Borrowing Costs and Employee Costs.



**Comments/Notes - Capital Expenses**

Capital expenditure is underspent by \$7,188,286 which is mainly due to the lower than budgeted Purchase of Land & Buildings, the Purchase of Parks and Roads Infrastructure Assets and the Purchase of Plant and Equipment.

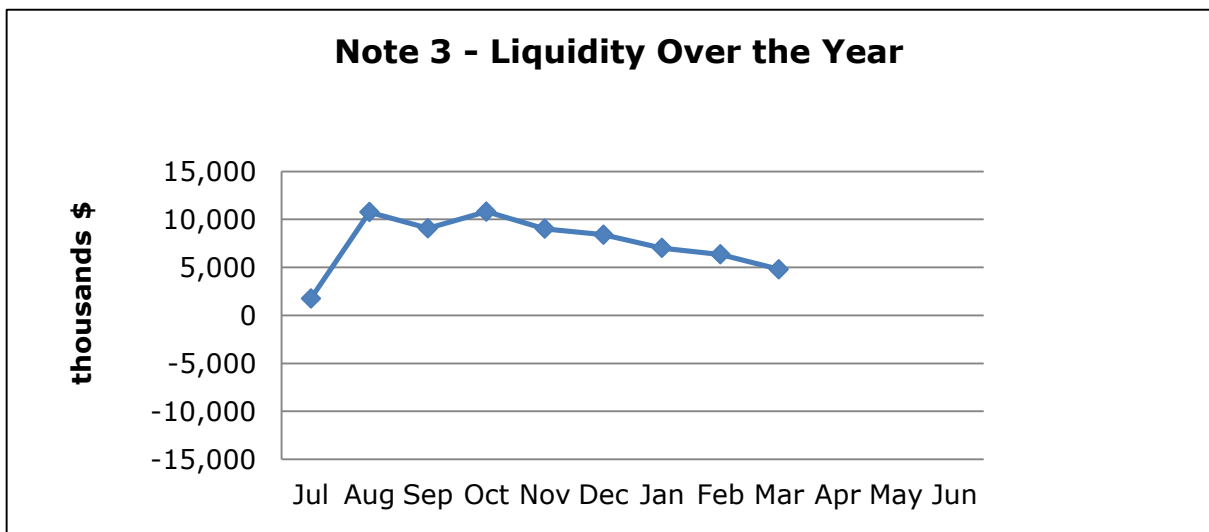


**Comments/Notes - Capital Revenues**

Capital revenue is under budget by \$3,107,294 which is largely associated with the Proceeds from New Loans and Disposal of Assets.

**NOTE 3 - NET CURRENT FUNDING POSITION**

	2011-12	
	This Period	Last Period
<b>Current Assets</b>		
Cash at Bank		
Municipal Account	8,013,685	8,795,547
Reserve Account	20,163,384	23,671,139
Restricted Assets	833,633	833,633
Total Cash at Bank	29,010,702	33,300,319
Receivables		
Prepayments	217,340	176,007
Sundry Debtors	2,857,560	2,021,978
Rates Receivable	1,854,290	1,593,815
Inventories	313,605	303,749
<b>Total Current Assets</b>	<b>34,253,497</b>	<b>37,395,868</b>
<b>Less: Current Liabilities</b>		
Creditors and Provisions	2,217,230	2,206,408
Current Borrowings	2,649,754	744,921
Employee Entitlements	3,585,958	3,585,958
	8,452,942	6,537,287
Less: Cash Restricted	(20,997,017)	(24,504,772)
<b>Net Current Funding Position</b>	<b>4,803,538</b>	<b>6,353,809</b>

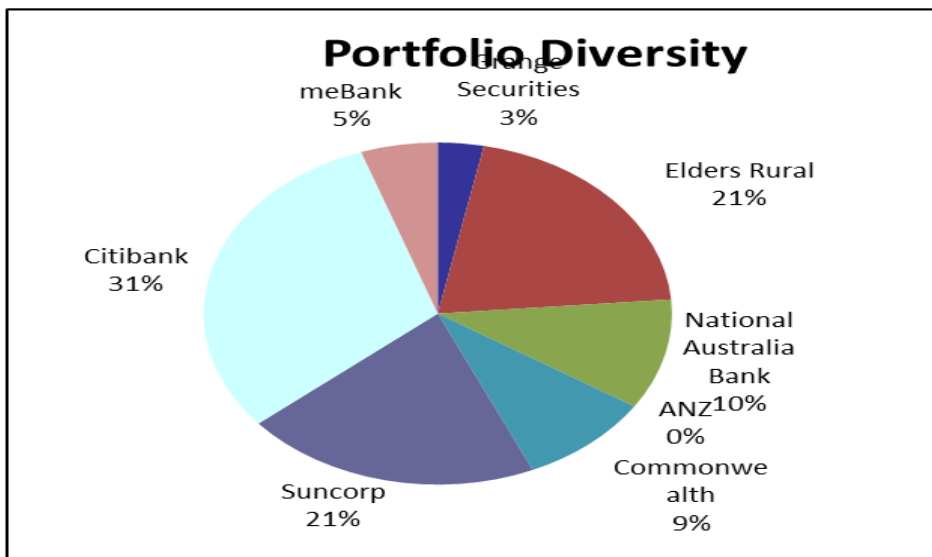


**Comments – Net Current Funding Position**

The financial position at 31 March 2012 was \$1,208,477 under budget. This outcome is the result of delays in current year projects and the normal payment cycles being completed. The variances are due to project lag and land development works which are still in the planning phases.

**NOTE 4 - MONTHLY INVESTMENT REPORT**

Deposit Ref	Current Credit Rating	Deposit Date	Term (Years)	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @ 31/03/2012	% of Portfolio
<b>Grange Securities</b>								
Helium Capital-Esper	CCC-	22/3/2006	6	4.98%	500,000	14,007	180,645	
Parkes AAA	CCC-	15/8/2006	8+	4.30%	250,000	8,119	30,455	
Kakadu	B-	12/5/2006	7+	4.28%	700,000	21,943	78,232	
Merimbula	BB-	6/5/2007	6		500,000		480,000	
Scarborough AA Ac 21	CCC-	25/5/2006	8	5.96%	500,000	5,540	-	
				<b>Subtotal</b>	<b>2,450,000</b>	<b>49,609</b>	<b>769,332</b>	<b>3.2%</b>
<b>Commonwealth</b>								
Reserve 150	A1+	30/3/2012	0.25	5.43%	2,247,000	43,659	2,247,000	
				<b>Subtotal</b>	<b>2,247,000</b>	<b>43,659</b>	<b>2,247,000</b>	<b>9.2%</b>
<b>National Australia Bank</b>								
Reserve 151	A1+	2/3/2012	0.25	5.93%	2,546,755	73,352	2,546,755	
				<b>Subtotal</b>	<b>2,546,755</b>	<b>73,352</b>	<b>2,546,755</b>	<b>10.5%</b>
<b>Citibank</b>								
Reserve 152	A1	2/3/2012	0.25	5.50%	2,500,000	73,772	2,500,000	
Reserve 155	A1	2/3/2012	0.08	5.50%	5,000,000	152,082	5,000,000	
				<b>Subtotal</b>	<b>7,500,000</b>	<b>225,854</b>	<b>7,500,000</b>	<b>30.8%</b>
<b>Rural Bank</b>								
Reserve 154	A2	5/3/2012	0.25	5.75%	5,000,000		5,000,000	
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>20.5%</b>
<b>Suncorp</b>								
Reserve 153	A1	2/3/2012	0.25	5.96%	5,000,000		5,000,000	
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>20.5%</b>
<b>me Bank</b>								
Reserve 156	A2	7/2/2012	0.25	5.90%	1,296,016	19,064	1,296,016	
				<b>Subtotal</b>	<b>1,296,016</b>	<b>19,064</b>	<b>1,296,016</b>	<b>5.3%</b>
				<b>Total Funds Invested</b>	<b>26,039,771</b>	<b>411,539</b>	<b>24,359,103</b>	<b>100.0%</b>





**NOTE 5 – RECEIVABLES**

**Receivables - Rates and Rubbish**

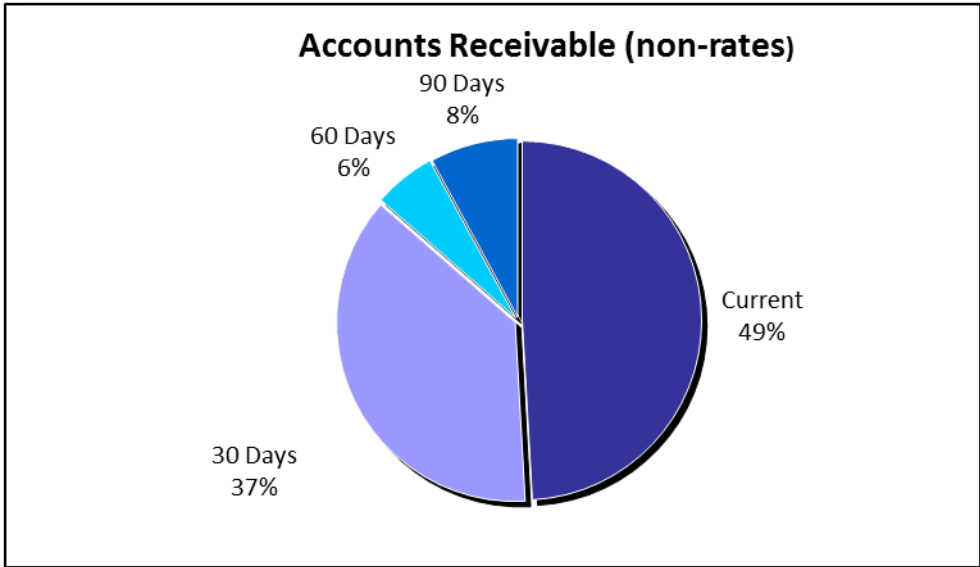
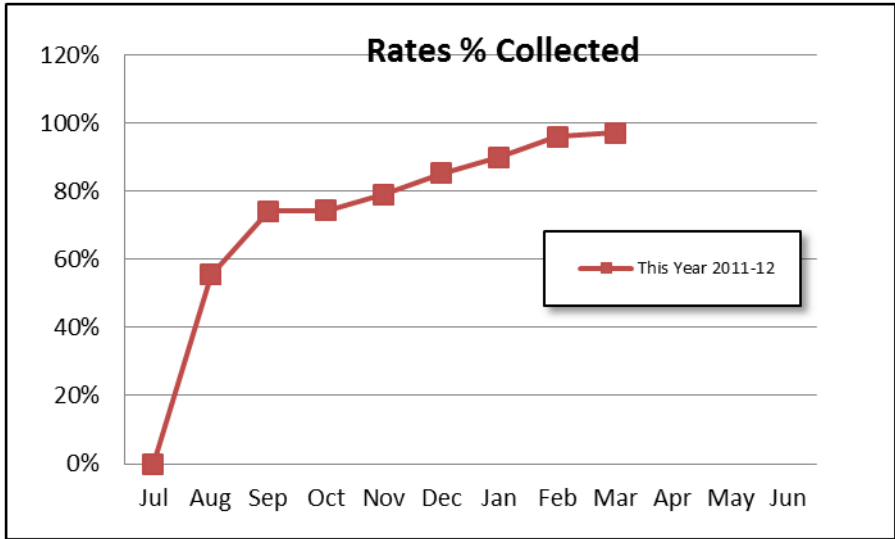
	Current YTD
Opening Arrears Previous Years	\$ 1,045,807
Rates Levied this year	32,980,613
<u>Less</u> Collections to date	(32,030,596)
<b>Equals Current Outstanding</b>	<b>1,995,824</b>
<i>Comprises of Current Amt:</i>	1,769,026
<i>Deferred Amt:</i>	226,798
<b>Net Rates Collectable</b>	
% Collected	97.12%

**Receivables**

	Current	30 Days	60 Days	90 Days
	\$	\$	\$	\$
General	1,306,188	992,250	149,214	212,032
<b>Total Outstanding</b>				<b>2,659,684</b>

Sundry Debtors by Type

Airport	1,014,596	38.1%
Meru	234,202	8.8%
General	1,410,886	53.1%



**Comments/Notes - Receivables Rates and Rubbish**

Rates collections are progressing well with nearly 97.12% of total rates collected by March. Any outstanding payments will be subject to the normal recovery process.

**Comments/Notes - Receivables / Payables General**

Major debtors in March include \$195k from Main Roads, \$342k Mt Gibson, \$110k Northern Agriculture, \$286k Qantas and \$321k, Skywest.