



MONTHLY FINANCIAL REPORT

For the Period Ended 29 February 2012

Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012

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**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

**Statement of Financial Activity
by Nature or Type**

CITY OF GREATER GERALDTON

	Current Annual Budget	Budget to 29 Feb 12	Actual to 29 Feb 12	Variances		
				\$	%	
Operating Income						
Rates	29,098,948	28,872,276	28,734,334	(137,942)	-0.5%	✗
Grants & Subsidies	20,492,051	8,770,167	8,000,876	(769,291)	-8.8%	✗
Fees & Charges	15,668,197	11,181,536	11,691,317	509,781	4.6%	✓
Interest Earnings	1,736,749	983,156	987,718	4,562	0.5%	✓
Other	514,883	932,276	928,127	(4,149)	-0.4%	✗
Profit On Disposal Of Assets	2,610,604	-	-	-	0.0%	✓
	70,121,432	50,739,411	50,342,372	(397,039)	-0.8%	✗
Operating Expenditure						
Employee Costs	(25,044,982)	(16,720,190)	(15,915,565)	804,625	-4.8%	✓
Materials & Contractors	(35,556,869)	(16,981,192)	(10,396,775)	6,584,417	-38.8%	✓
Utility & Govt Charges	(2,623,394)	(1,747,720)	(1,534,174)	213,546	-12.2%	✓
Insurance	(848,691)	(632,610)	(869,996)	(237,386)	37.5%	✗
Interest/Borrowing Costs	(1,258,713)	(851,547)	(229,279)	622,268	-73.1%	✓
Other Expenses	(1,401,175)	(1,051,167)	(1,230,065)	(178,898)	17.0%	✗
Depreciation On Assets	(13,997,086)	(9,331,280)	(9,331,280)	-	0.0%	✓
Loss On Disposal Of Assets	(181,598)	(60,532)	-	60,532	0.0%	✓
	(80,912,508)	(47,376,238)	(39,507,134)	7,869,104	-16.6%	✓
NET OPERATING	(10,791,076)	3,363,173	10,835,238	7,472,065	222.2%	✓
Non-Cash Expenditure and Revenue						
(Profit) / Loss on Asset Disposals	(2,429,006)	60,532	-	(60,532)	0.0%	✓
Depreciation on Assets	13,997,086	9,331,280	9,331,280	-	0.0%	✓
Capital Expenditure						
Purchase Land & Buildings	(15,210,828)	(12,336,195)	(5,718,404)	6,617,791	-53.6%	✓
Purchase Plant and Equipment	(4,779,660)	(3,520,297)	(1,422,389)	2,097,908	-59.6%	✓
Purchase Furniture and Equipment	(212,400)	(212,400)	(303,952)	(91,552)	43.1%	✗
Purchase Infrastructure Assets - Roads	(12,029,648)	(7,416,766)	(2,518,323)	4,898,443	-66.0%	✓
Purchase Infrastructure Assets - Parks	(8,102,600)	(6,140,304)	(1,765,044)	4,375,260	-71.3%	✓
Self Supporting / Council Loans Paid Out	-	-	(250,000)	(250,000)	100.0%	✓
Repayment of Debentures	(2,679,530)	(1,696,724)	(1,438,077)	258,647	-15.2%	✓
	(43,014,666)	(31,322,686)	(13,416,189)	17,906,497	-57.2%	
Capital Revenue						
Proceeds from Sale of Assets	5,342,000	668,985	631,908	(37,077)	-5.5%	✗
Proceeds from New Loans	25,380,000	6,550,000	6,050,000	(500,000)	-7.6%	✗
Self-Supporting Loan Principal Income	65,817	49,276	35,164	(14,112)	-28.6%	✗
Council Loan Principal Income	112,041	93,937	93,937	-	0.0%	✓
	30,899,858	7,362,198	6,811,009	(551,189)	-7.5%	✗
Reserves						
Transfers to Reserves	(4,150,000)	(1,102,806)	(1,102,806)	-	0.0%	✓
Transfers from Reserves	14,873,688	-	-	-	0.0%	✓
	10,723,688	(1,102,806)	(1,102,806)	-	0.0%	✓
Opening Fund Surplus/(Deficit)	49101	49101	49101			
Closing Funding Surplus (Deficit)	(565,015)	(12,259,208)	12,507,633	24,766,841	-202.0%	✓

**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

NOTE 1. MAJOR VARIANCES

Operating Income

Operating Income is showing negative variance of \$397,039 or 0.8% largely due to grant and rate revenue which is below budget by \$769,291 or 8.8% and \$137,942 or 0.5% respectively, Fees and charges are better than budget by \$509,781 or 4.6%.

Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$7,869,104 or 16.6% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$804,625 or 4.8% which is associated with the current level of vacant positions.

Materials and Contractors – Expenditure is showing a positive variance of \$6,584,417 or 38.8%. 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 may lag and consequently budget review adjustments will be required.

Utilities & Govt Charges – Expenditure is showing a positive variance of \$213,546 or 12.2% which is associated with the payment of power accounts including street lighting.

Insurance - Expenditure is showing a negative variance of \$237,386 or 37.5%. Post budget confirmation of premiums costs are well above anticipated increase. The City is currently undertaking a review of these increases with LGIS.

Interest/Borrowing Costs - Expenditure is showing a positive variation of \$622,268 or 73.1% 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.

Other Expenses - Expenditure is showing a negative variance of \$178,898 or 17.0%. This has resulted due to household refuse costs (\$203,842) being incorrectly costed to this account.

Depreciation on Assets – Revaluations of the City's assets are currently underway and a more accurate depreciation will be determined in the March/April report.

Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$17,906,497 or 57.2% due to the following:

Purchase Land & Buildings - The positive variance of \$6,617,791 or 53.6% 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 \$2,097,908 or 59.6% is related to timing of capital purchases of P & E.

Purchase Furniture & Equipment - The negative variance of \$91,552 or 43.1% is considered short term and associated with the purchase of tracking for the art gallery and furniture for the library. This will be considered in the budget review —

Purchase Infrastructure Assets – Roads - The positive variance of \$4,898,443 or 66.0% is due to delay in the commencement of road projects including Flores/Place rd intersection.

Purchase Infrastructure Assets – Parks - The positive variance of \$4,375,260 or 71.3% is associated with the delay in the commencement of Eastern Breakwater Development and Derna Parade.

Self Supporting Loans relates to a loan taken out for the Geraldton Hockey Club. Budget review will be required.

The difference in repayment of debentures of \$258,647 or 15.2% reflects the level of borrowing currently undertaken.

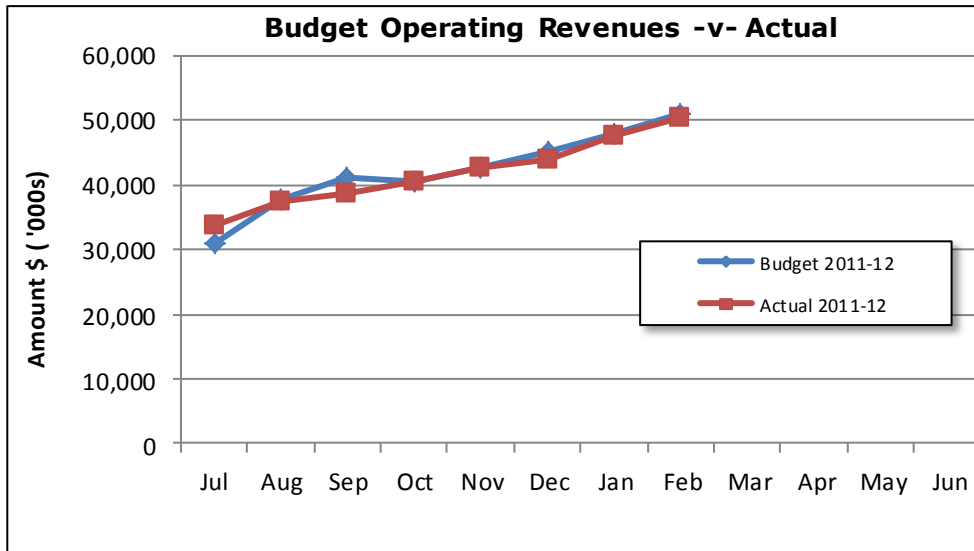
Capital Revenue

Capital Revenue is showing a negative variance of \$551,189 or 7.5% which is due to the following:

Proceeds from new loans is showing a negative variance of \$500,000 or 7.6% due to less loans been taken out.

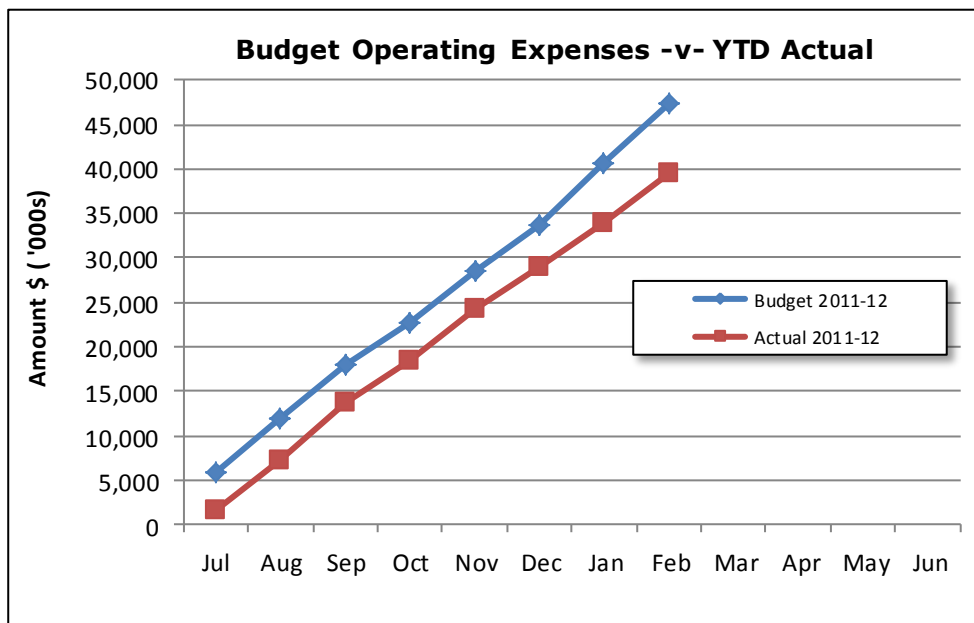
**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

NOTE 2. GRAPHICAL REPRESENTATION OF REVENUE AND EXPENSES



Comments/Notes - Operating Revenues

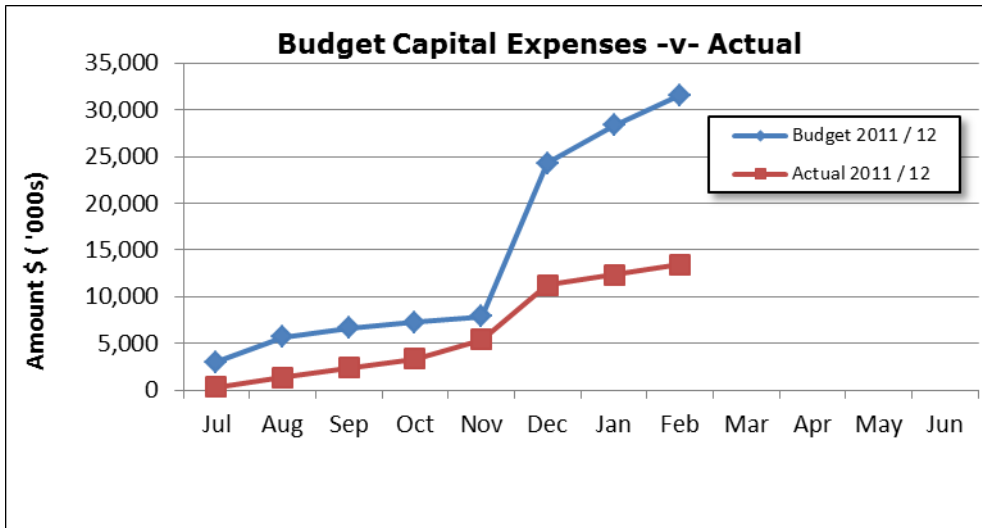
Operating revenue is under budget with a variance of \$397,039 which is due to Grants & Subsidies and rate revenue.



Comments/Notes - Operating Expenses

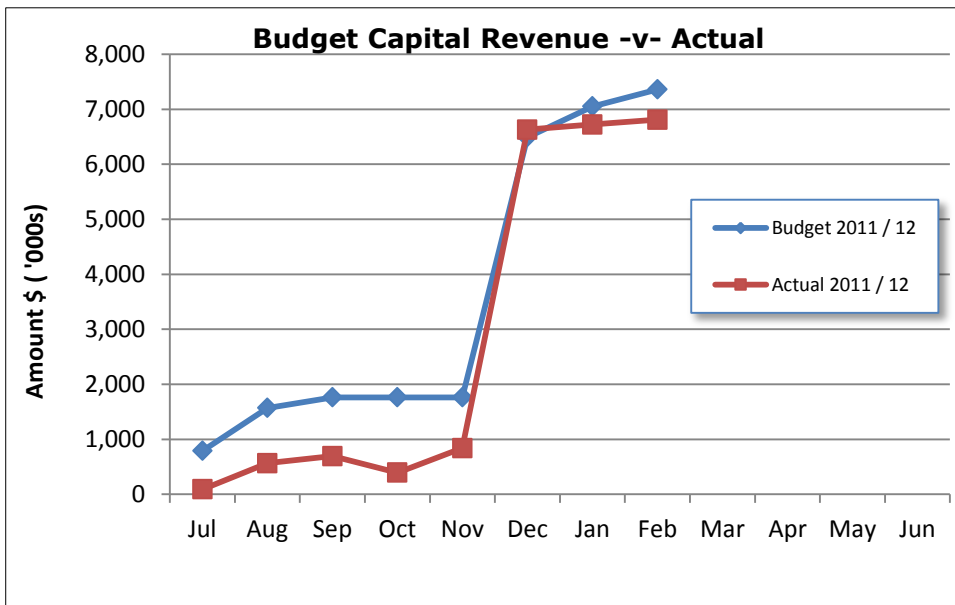
Operating expenditure is underspent by \$7,869,104 which is due mainly to Materials and Contractors, Interest/Borrowing Costs and Employee Costs.

**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**



Comments/Notes - Capital Expenses

Capital expenditure is underspent by \$17,906,497 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

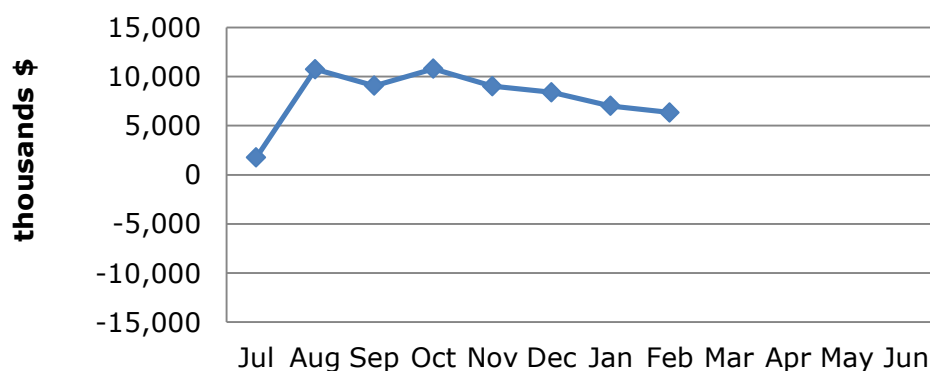
Capital revenue is under budget by \$551,189 which is largely associated with the Proceeds from New Loans.

**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

NOTE 3. NET CURRENT FUNDING POSITION

	Note	2011-12	
		This Period	Last Period
		\$	\$
Current Assets			
Cash at Bank			
Municipal Account		8,795,547	7,757,373
Reserve Account		23,671,139	23,671,139
Restricted Assets		833,633	833,633
Total Cash at Bank		33,300,319	32,262,145
Receivables		3,791,800	6,976,203
Prepayments		176,007	176,007
Sundry Debtors		2,021,978	3,194,674
Rates Receivable		1,593,815	3,605,522
Inventories		303,749	404,497
Total Current Assets		37,395,868	39,642,845
Less: Current Liabilities			
Creditors and Provisions		2,206,408	2,400,580
Current Borrowings		744,921	2,140,196
Employee Entitlements		3,585,958	3,585,958
		8,126,734	8,126,734
Less: Cash Restricted		(24,504,772)	(24,504,772)
Net Current Funding Position		6,353,809	7,011,339

Note 3 - Liquidity Over the Year



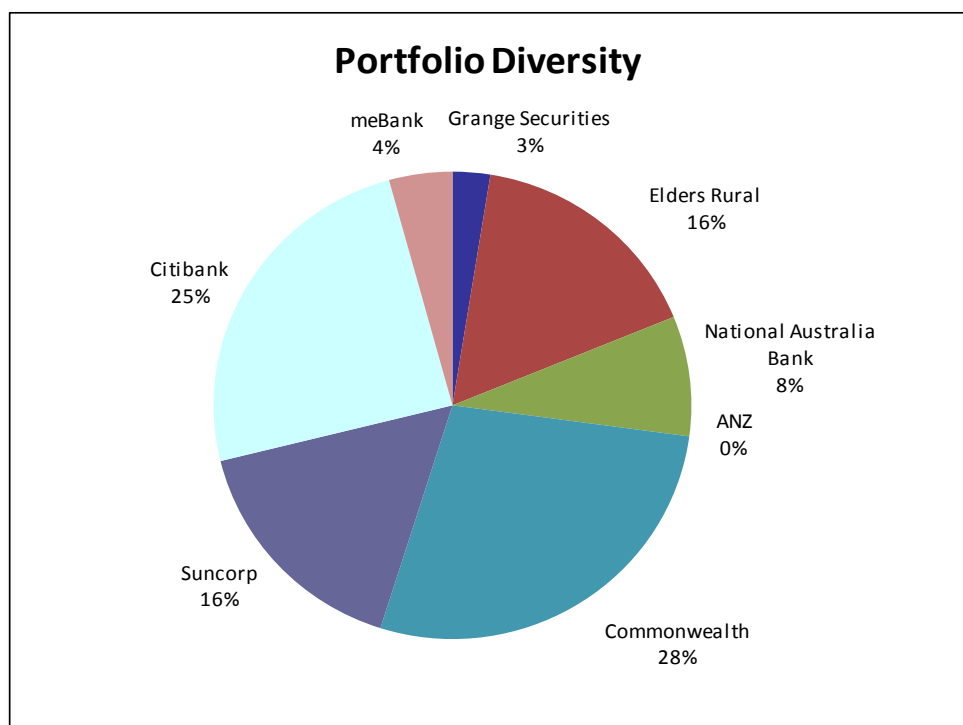
Comments – Net Current Funding Position

The financial position at 29 February 2012 was \$24,766,841 under budget. This outcome is the result of delays in current year projects and the normal payment cycles being completed. The large variances are due to project lag and large land development works which are still in the planning phases. Budget profiles and mid-year review will be adjusted to incorporate new project commencement and completing timelines

**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

NOTE 4. MONTHLY INVESTMENT REPORT

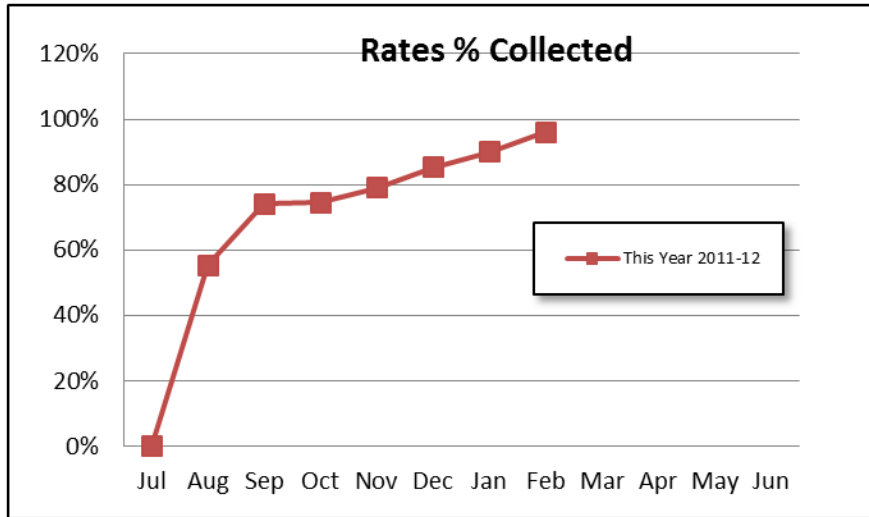
Deposit Ref	Current Credit Rating	Deposit Date	Term (Years)	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @ 29/02/2012	Percentage of Portfolio
Grange Securities								
Helium Capital-Esper	CCC-	22/3/2006	6	4.98%	500,000	14,007	159,160	
Parkes AAA	CCC-	15/8/2006	8+	4.30%	250,000	8,119	40,445	
Kakadu	B-	12/5/2006	7+	4.28%	700,000	21,943	105,938	
Merimbula	BB-	6/5/2007	6		500,000		475,000	
Scarborough AA Ac 21	CCC-	25/5/2006	8	5.96%	500,000	5,540	-	
Subtotal					2,450,000	49,609	780,543	2.5%
Commonwealth								
Reserve 150	A1+	31/8/2011	0.08	5.75%	2,247,000	10,619	2,257,619	
Muni 231	A1+	8/11/2011	0.08	5.53%	3,000,000	28,011	3,000,000	
Trust 411	A1+	30/1/2012	0.11	5.28%	3,245,746	18,311	3,264,057	
Subtotal					8,492,746	56,942	8,521,676	27.8%
National Australia Bank								
Reserve 151	A1+	29/2/2012	0.25	5.93%	2,546,755	-	2,546,755	
Subtotal					2,546,755	-	2,546,755	8.3%
Citibank								
Reserve 152	A1	15/12/2012	0.25	6.05%	2,537,709	-	2,537,709	
Reserve 155	A1	2/9/2011	0.50	6.10%	5,000,000		5,000,000	
Subtotal					7,537,709	-	7,537,709	24.6%
Rural Bank								
Reserve 154	A2	2/9/2011	0.50	6.05%	5,000,000		5,000,000	
Subtotal					5,000,000	-	5,000,000	16.3%
Suncorp								
Reserve 153	A1	2/9/2011	0.50	5.89%	5,000,000		5,000,000	
Subtotal					5,000,000	-	5,000,000	16.3%
me Bank								
Reserve 156	A2	6/2/2012	0.25	5.90%	1,315,080	-	1,315,080	
Subtotal					1,315,080	-	1,315,080	4.3%
Total Funds Invested					32,342,289	106,551	30,701,763	100.0%



**Notes to the Statement of Financial Activity
For the Period Ended 29th February 2012**

Receivables - Rates and Rubbish

	Current YTD
	\$
Opening Arrears Previous Years	1,045,807
Rates Levied this year	33,502,019
Less Collections to date	(30,106,614)
Equals Current Outstanding	2,387,647
<i>Comprises of Current Amt:</i>	2,184,802
<i>Deferred Amt:</i>	202,845
Net Rates Collectable	
% Collected	95.99%



Comments/Notes - Receivables Rates and Rubbish

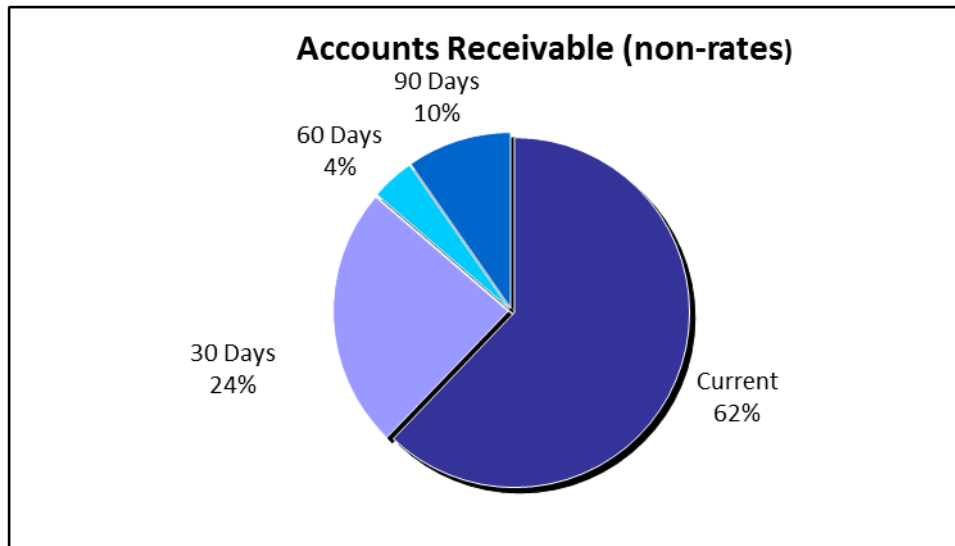
Rates collections are progressing well with nearly 96% of total rates collected by February. Any outstanding payments will be subject to the normal recovery process.

Receivables

	Current	30 Days	60 Days	90 Days
	\$	\$	\$	\$
General	1,260,356	489,389	81,403	195,974
Total Outstanding				2,027,121

Sundry Debtors by Type

Airport	837,809	41.3%
Meru	209,672	10.3%
General	979,640	48.4%



Comments/Notes - Receivables / Payables General

There are no major concerns regarding the level of sundry debtors at this time.