

City of  
**Greater Geraldton**  
a vibrant future



## **MONTHLY FINANCIAL REPORT**

**For the Period Ended 31 October 2012**

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**CITY OF GREATER GERALDTON**  
**Statement of Financial Activity for the Period Ended 31 October 2012**

	Original Budget	YTD Budget Estimated	YTD Actual	Variances		
				\$	%	
<b>Operating Income</b>						
Rates	37,009,692	36,835,192	36,785,985	49,207	0.1%	×
Grants & Subsidies, Contributions	28,845,602	2,403,800	2,230,659	173,141	7.2%	×
Fees & Charges	15,770,073	8,445,961	8,946,446	(500,485)	-5.9%	✓
Interest Earnings	2,027,154	577,253	530,075	47,178	8.2%	×
Other	1,542,482	385,621	395,608	(9,988)	-2.6%	✓
Profit On Disposal Of Assets	6,594	0	0	0		×
	<b>85,201,597</b>	<b>48,647,827</b>	<b>48,888,773</b>	<b>(240,946)</b>	<b>-0.5%</b>	<b>✓</b>
<b>Operating Expenditure</b>						
Employee Costs	(26,499,043)	(7,949,713)	(7,719,497)	(230,216)	2.9%	✓
Materials & Contractors	(39,702,325)	(6,617,054)	(4,988,625)	(1,628,429)	24.6%	✓
Utility & Govt Charges	(2,963,400)	(740,850)	(760,557)	19,707	-2.7%	×
Insurance	(1,275,876)	(893,113)	(836,023)	(57,090)	6.4%	✓
Interest/Borrowing Costs	(704,945)	(107,491)	(60,788)	(46,703)	43.4%	✓
Others	(2,545,342)	(848,447)	(622,166)	(226,281)	26.7%	✓
Depreciation On Assets	(14,574,109)	(4,838,036)	(4,800,000)	(38,036)	0.8%	✓
Loss On Disposal Of Assets	(40,000)	(0)	0	(0)	100.0%	✓
	<b>(88,305,040)</b>	<b>(21,994,705)</b>	<b>(19,787,656)</b>	<b>(2,207,049)</b>	<b>10.0%</b>	<b>✓</b>
<b>NET OPERATING</b>	<b>(3,103,443)</b>	<b>26,653,122</b>	<b>29,101,117</b>	<b>(2,447,995)</b>	<b>-9.2%</b>	<b>✓</b>
<b>Non-Cash Expenditure and Revenue</b>						
(Profit) / Loss on Asset Disposals	33,406	0	0	0	100.0%	×
Depreciation on Assets	14,574,109	4,838,036	4,800,000	38,036	0.8%	×
	<b>14,607,515</b>	<b>4,838,037</b>	<b>4,800,000</b>	<b>38,037</b>	<b>0.8%</b>	<b>×</b>
<b>Capital Expenditure</b>						
Purchase Buildings	(11,218,926)	(3,739,642)	(3,786,010)	46,368	-1.2%	×
Purchase Plant and Equipment	(3,232,225)	(618,056)	(579,457)	(38,599)	6.2%	✓
Purchase Furniture and Equipment	(1,152,250)	(86,021)	(41,976)	(44,045)	51.2%	✓
Purchase Infrastructure Assets - Roads	(22,891,964)	(1,907,664)	(1,271,424)	(636,240)	33.4%	✓
Purchase Infrastructure Assets - Parks	(8,763,000)	(730,250)	(660,724)	(69,526)	9.5%	✓
Purchase Infrastructure Assets - Meru Landfill	0	0	0	0		×
Repayment of Debentures	(3,274,584)	(914,293)	(914,858)	565	-0.1%	×
Self Supporting / Council Loans paid out	(70,000)	0	0	0		×
	<b>(50,602,949)</b>	<b>(7,995,926)</b>	<b>(7,254,449)</b>	<b>(741,477)</b>	<b>9.3%</b>	<b>✓</b>
<b>Capital Revenue</b>						
Proceeds from Disposal of Assets	2,226,912	481,728	435,418	46,310	9.6%	×
Proceeds from New Debentures	29,993,000	0	0	0		×
Self-Supporting Loan Principal Income	66,566	30,000	32,767	(2,767)	-9.2%	✓
Council Loan Principal Income	92,789	30,930	555,004	(524,074)	-1694.4%	✓
	<b>32,379,267</b>	<b>542,658</b>	<b>1,023,189</b>	<b>(480,531)</b>	<b>-88.6%</b>	<b>✓</b>
<b>Reserves</b>						
Transfers to Reserves	(9,039,710)	0	0	0		×
Transfers from Reserves	16,674,386	5,514,055	5,514,055	0	0.0%	×
	<b>7,634,676</b>	<b>5,514,055</b>	<b>5,514,055</b>	<b>0</b>	<b>0.0%</b>	<b>×</b>
<b>Closing Funding Surplus (Deficit)</b>	<b>842,365</b>	<b>29,551,945</b>	<b>33,183,912</b>	<b>(3,631,967)</b>	<b>-12.3%</b>	<b>✓</b>

## NOTE 1. MAJOR VARIANCES

### Operating Income

Operating Income is showing a positive variance of \$240,946 or 0.5% due to the following:

Income from Grants, Subsidies and Contributions is \$173,141 or 7.2% below budget because of timing difference between budgeted and actual receipts.

Fees and charges is \$500,485 or 5.9% due to higher than budgeted income from Meru Tip.

### Operating Expenditure

Operating expenditure is showing a positive variance (under-spend) of \$2,207,049 or 10% due to the following:

Employee Costs – Expenditure is showing a positive variance of \$230,216 or 2.9% which is associated with a small level of vacant positions and some back pays which are yet to be paid.

Materials and Contractors – Expenditure is showing a positive variance of \$1,628,429 or 24.6%. This is mainly due to delay in scheduled projects.

Insurance – Expenditure is showing a positive variance of \$57,090 or 6.4%. Major invoices have been processed and allocated with some invoices coming in shortly.

Others – Expenditure is showing a positive variance of \$226,281 or 26.7% with most departmental expenses below budget.

### Capital Expenditure

Capital expenditure is showing a positive variance (under-spend) of \$741,477 or 9.3% due to the following:

Purchase of Infrastructure Assets – Roads - The positive variance of \$636,240 or 33.4% is associated with the timing of projects being in the planning stage at the first quarter of the new financial year.

Purchase of Infrastructure Assets – Parks - The positive variance of \$69,526 or 9.5% is associated with the timing of projects being in the planning stage at the first quarter financial year.

### Capital Revenue

Capital revenue is showing a positive net variance of \$480,531 or 88.6%. This is primarily due to inflow of capital revenue of \$553,352 from mortgagees repaying Vendor Mortgages issued by the City on past Drummond Cove land sales.

In 2009-10 the then Council agreed to market City owned lots at Drummond Cove, including the option of the City providing Vendor Mortgages. Some 23 lots were sold on that basis, with repayments originally scheduled across the years through 2012-13, and with final instalments on most mortgages agreed to be payable during 2012-13.

As at 30 June 2012, the outstanding value of these mortgages was about \$723,000. Funds from such land sales go in the first instance to retire any debt on the land, with any net surplus then directed to the asset development reserve.

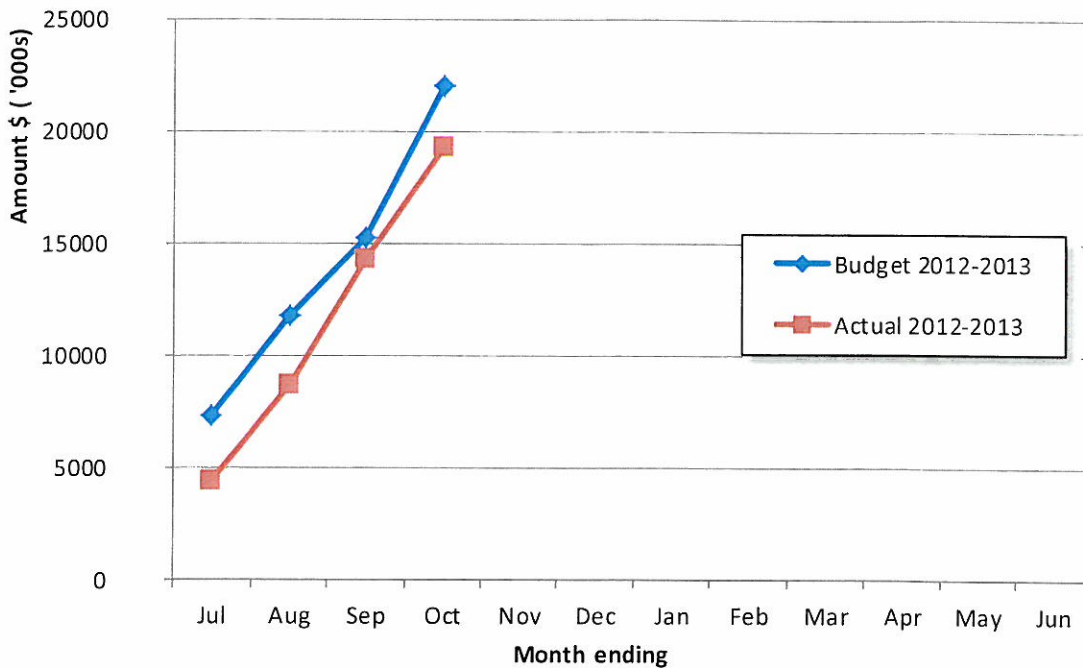
In relation to these vendor mortgages, the instalments revenue payable to the City by mortgagees in 2012-13 was inadvertently omitted from the capital revenue budget. Hence while due and anticipated, the capital inflow received to date of \$553,352 is technically 'unbudgeted' and is thus reported as a variance.

This omission in budget papers will be corrected in the Mid-Year Budget Review process, to come to Council early in 2013.

**City of Greater Geraldton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st October 2012**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**

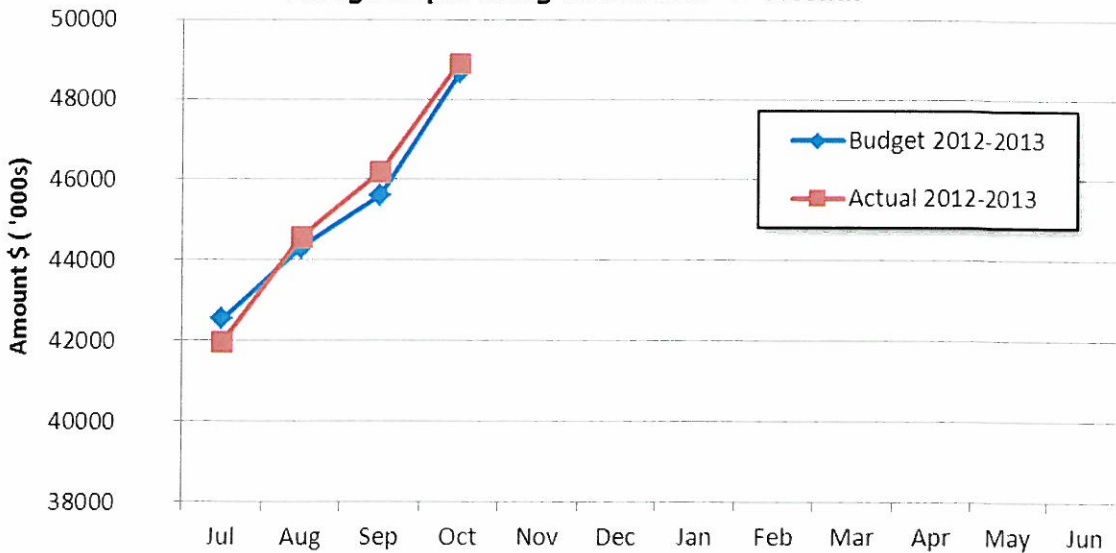
**Budget Operating Expenses -v- YTD Actual**



**Comments/Notes - Operating Expenses**

Operating expense recorded as at 31 October is \$ 19,787,656. This is mainly due to the employee costs, insurance, utilities and materials and contract charges.

**Budget Operating Revenues -v- Actual**

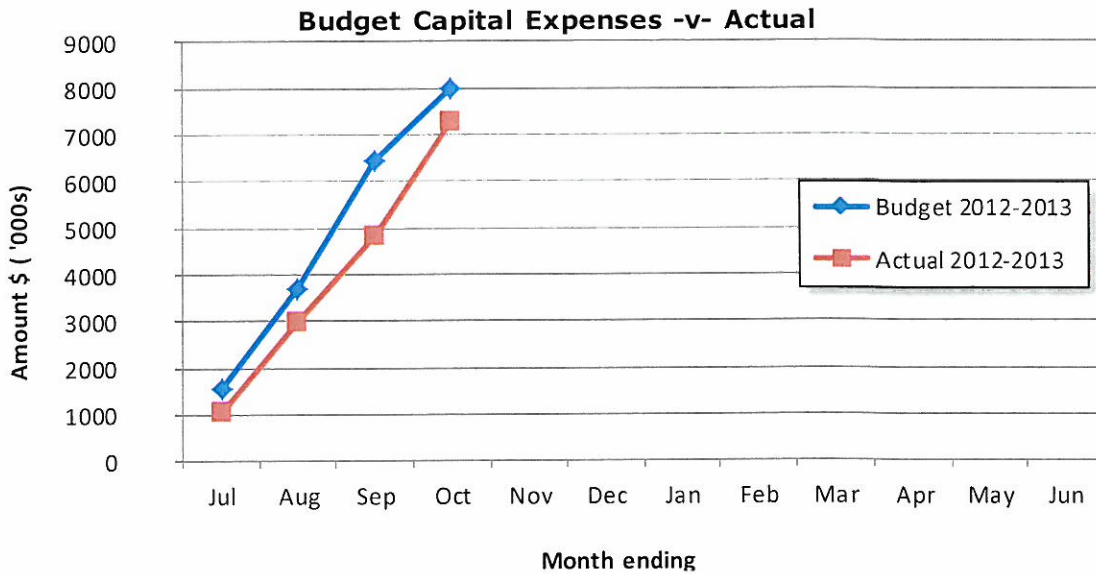


**Comments/Notes - Operating Revenues**

Operating income recorded as at 31 October is \$48,888,773. This reflects rates billing for 2012-13 year of \$36,785,985.

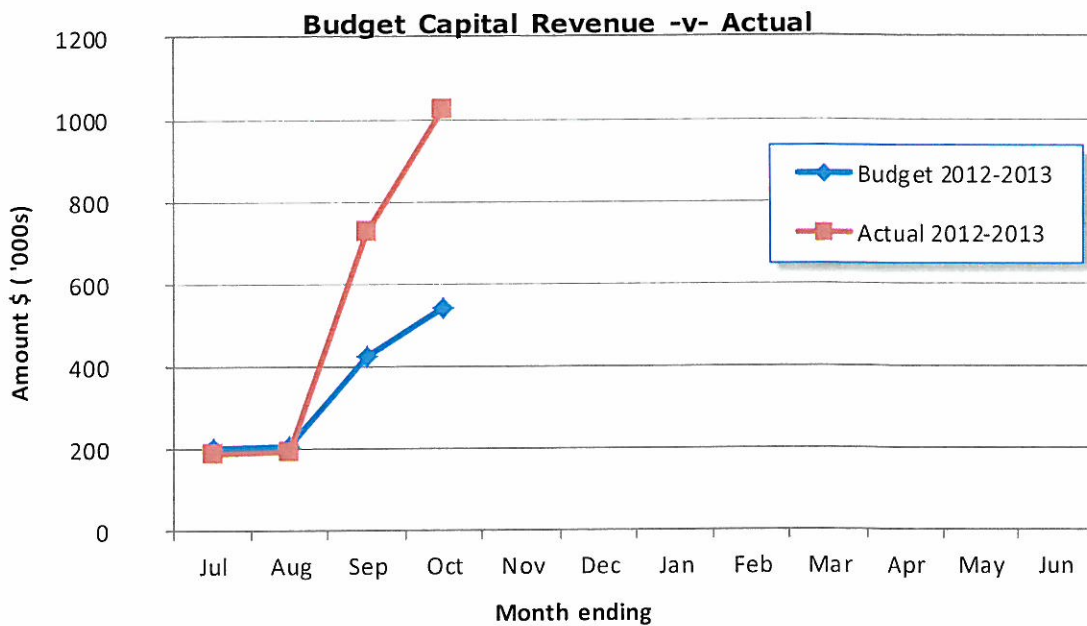
**City of Greater Geraldton**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st October 2012**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Capital Expenses**

Capital expenditure recorded as at 31 October is \$7,254,449. This is mainly due to purchase of buildings, furniture & equipment, roads and parks.



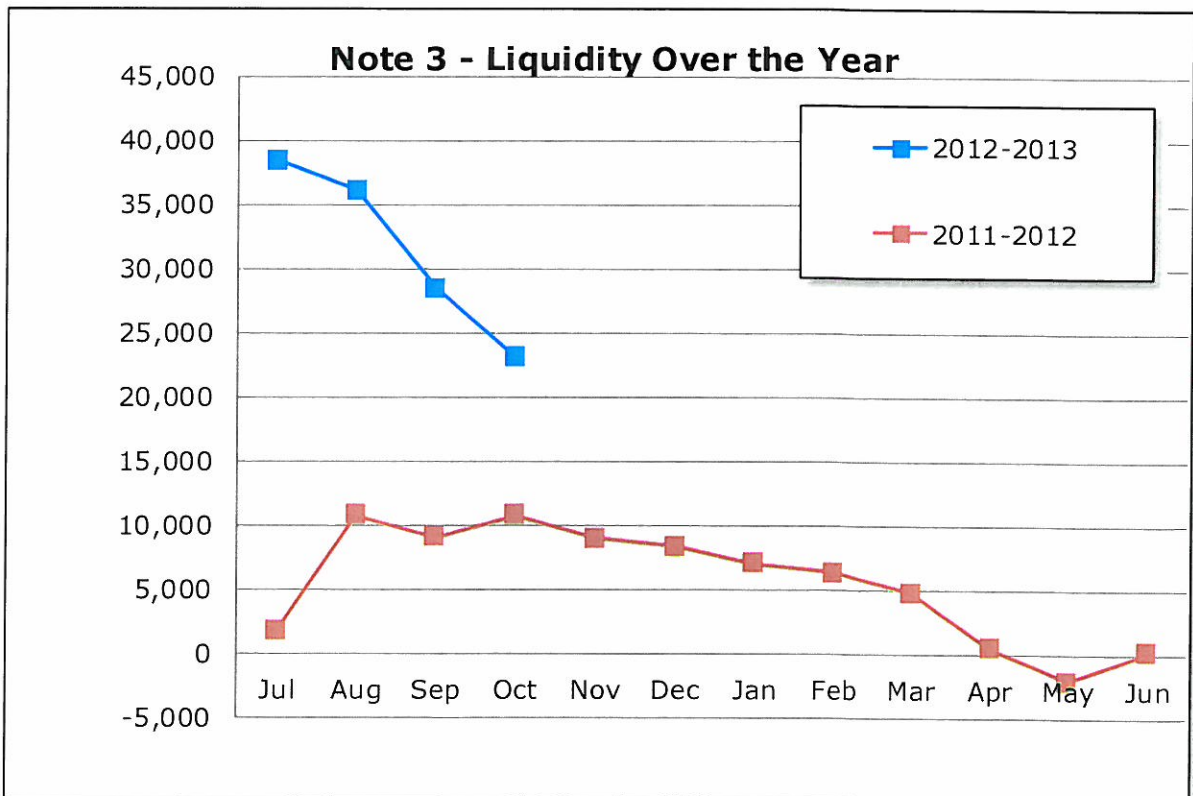
**Comments/Notes - Capital Revenues**

Capital revenue recorded was \$1,023,189 as at 31 October. This is mainly due to proceeds from disposal of assets and repayment of loan principal amounts.

City of Greater Geraldton  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
For the Period Ended 31st October 2012

**Note 3: NET CURRENT FUNDING POSITION**

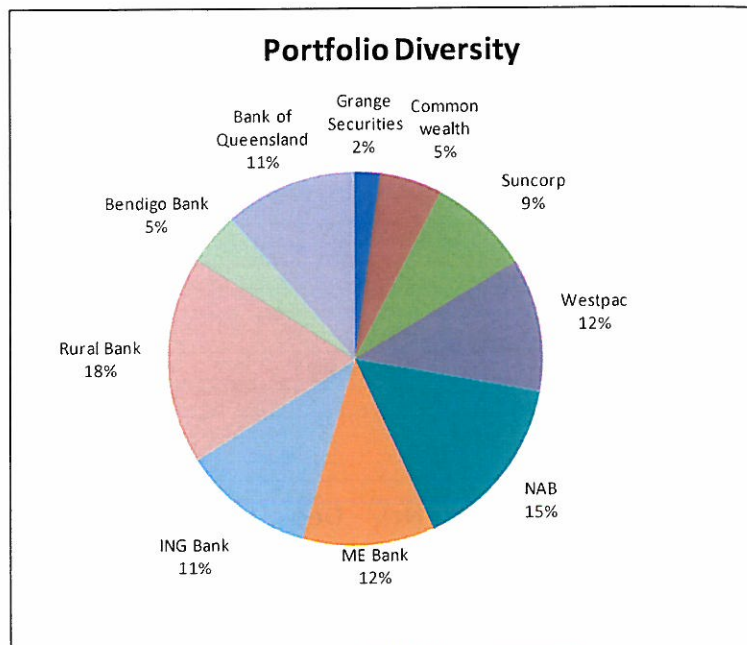
	Positive=Surplus (Negative=Deficit)	
	2012-2013	
	This Period	Last Period
	\$	\$
<b>Current Assets</b>		
Cash at Bank		
Municipal Account	17,257,329	16,076,914
Reserve Account	31,758,740	32,441,858
Restricted Assets	833,633	898,536
Total Cash at Bank	49,849,702	49,417,308
Receivables		
Prepayments	93,951	96,673
Tax Recoverable	1,173,121	576,736
Sundry Debtors	2,012,119	2,557,464
Rates Receivable	10,318,678	14,725,324
Inventories	335,569	324,945
<b>Total Current Assets</b>	63,783,139	67,698,450
<b>Less: Current Liabilities</b>		
Creditors and Provisions	2,334,741	542,574
Current Borrowings	1,812,051	2,332,798
Employee Entitlements	3,931,797	3,931,797
	8,078,589	6,807,169
Less: Cash Restricted	(32,592,373)	(32,441,858)
<b>Net Current Funding Position</b>	<b>23,112,177</b>	<b>28,449,423</b>



City of Greater Geraldton  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31st October 2012

**Note 4 - Monthly Investment REPORT**

Deposit Ref	Current Credit Rating	Maturity/ Conversion	Invested Interest rates	Amount Invested	Interest Earned YTD	Current Value @31/10/2012	Percentage of Portfolio	
<b>Grange Securities</b>								
Helium Capital-Esper	D	20/3/2013	5.08%	500,000	4,577	266,990		
Merimbula	N/R	20/6/2013		500,000	-	490,000		
Kakadu	C	20/3/2014	4.78%	700,000	7,915	184,807		
Parkes AAA	D	20/6/2015	5.01%	250,000	1,617	27,500		
Scarborough AA Ac 21	N/R			500,000	-	-		
				<b>Subtotal</b>	<b>2,450,000</b>	<b>14,110</b>	<b>969,297</b>	<b>2.2%</b>
<b>Commonwealth</b>								
Reserve 150	A1+	28/12/2012	4.32%	2,378,329		2,378,329		
				<b>Subtotal</b>	<b>2,378,329</b>	<b>-</b>	<b>2,378,329</b>	<b>5.4%</b>
<b>Suncorp</b>								
Reserve 160	A1	26/2/2013	4.74%	3,830,729		3,830,729		
				<b>Subtotal</b>	<b>3,830,729</b>	<b>-</b>	<b>3,830,729</b>	<b>8.8%</b>
<b>Westpac</b>								
Reserve 161	A1+	26/3/2013	4.80%	5,000,000		5,000,000		
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>11.4%</b>
<b>National Australia Bank</b>								
Reserve 162	A1+	28/12/2012	4.92%	4,000,000		4,000,000		
Reserve 163	A1+	28/3/2013	4.91%	2,683,022		2,683,022		
				<b>Subtotal</b>	<b>6,683,022</b>	<b>-</b>	<b>6,683,022</b>	<b>15.3%</b>
<b>ME Bank</b>								
Reserve 165	A2	25/3/2013	5.00%	5,000,000		5,000,000		
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>11.4%</b>
<b>ING Bank (Australia)</b>								
Reserve 166	A1	26/3/2013	4.81%	5,000,000		5,000,000		
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>11.4%</b>
<b>Rural/Elders bank</b>								
Muni 232	A2	5/12/2012	5.12%	5,000,000		5,000,000		
Reserve 164	A2	28/12/2012	5.11%	2,815,400		2,815,400		
				<b>Subtotal</b>	<b>7,815,400</b>	<b>-</b>	<b>7,815,400</b>	<b>17.9%</b>
<b>Bendigo Bank</b>								
Muni 233	A2	14/1/2013	4.65%	2,000,000		2,000,000		
				<b>Subtotal</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>4.6%</b>
<b>Bank of Queensland</b>								
Muni 234	A2	15/4/2013	4.80%	5,000,000		5,000,000		
				<b>Subtotal</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>11.4%</b>
				<b>Total Funds Invested</b>	<b>45,157,480</b>	<b>14,110</b>	<b>43,676,777</b>	<b>100.0%</b>





City of Greater Geraldton  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
 For the Period Ended 31st October 2012

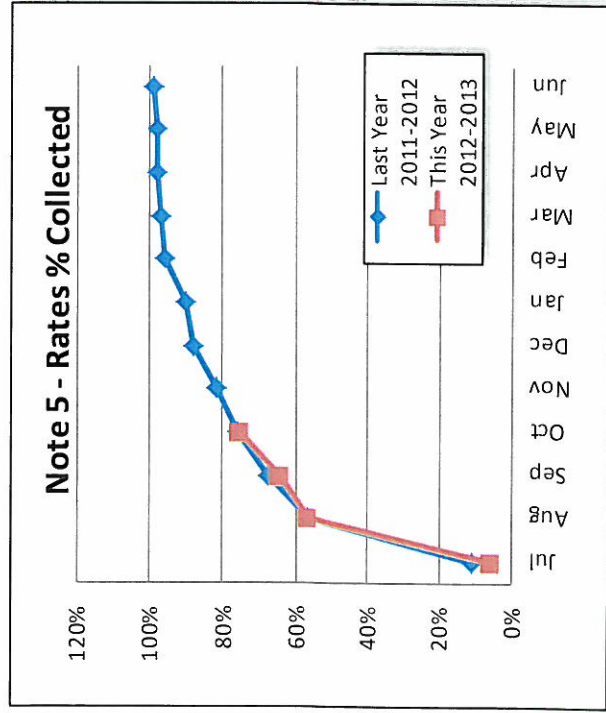
**Note 5 : RECEIVABLES**

**Receivables - Rates and Rubbish**

Opening Arrears Previous Years	
Rates Levied this year	(1,389,940)
Less Collections to date	(42,779,686)
Equals Current Outstanding	(32,306,165)
<i>Comprises of Current Amt:</i>	
<i>Deferred Amt:</i>	226,797
<b>Net Rates Collectable</b>	
% Collected	75.52%

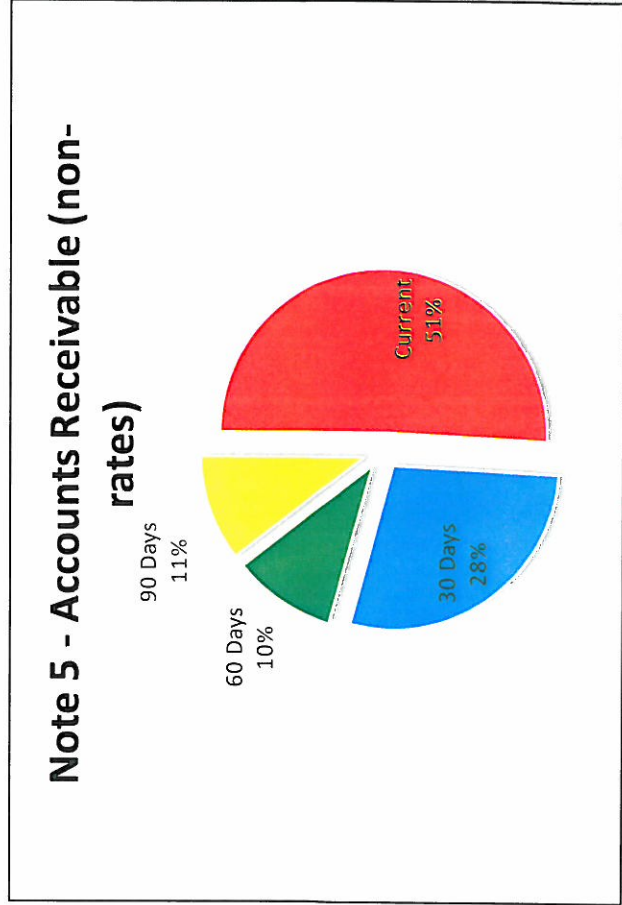
<b>Current</b>	<b>2012-2013</b>
\$	
	(1,389,940)
	(42,779,686)
	(32,306,165)
	(11,863,462)
	(11,636,664)
	226,797
	75.52%

<b>Receivables - General</b>	<b>Current</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>
	\$	\$	\$	\$
	1,000,814	560,885	201,812	207,725
<b>Total Outstanding</b>				<b>1,971,236</b>
General	995,135	50.5%		
Airport	613,573	31.1%		
Meru	362,529	18.4%		
	<b>1,971,236</b>	<b>100%</b>		



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

Rates collections are 75.5% of total rates billed in October after the second instalment.



**Comments/Notes - Receivables General**

Major debtors in October include \$331k Skywest, \$139k Qantaslink, CMA Contracts \$73k and Veolia \$91k.

