

APPENDIX

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City of
Joondalup

*Financial Activity Statement for
the Period Ended
30 September 2007*

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Financial Activity Statement for the period ended 30th September 2007

CITY OF JOONDALUP

Period: SEP-07

Submitted: 15-OCT-07 10:17:50

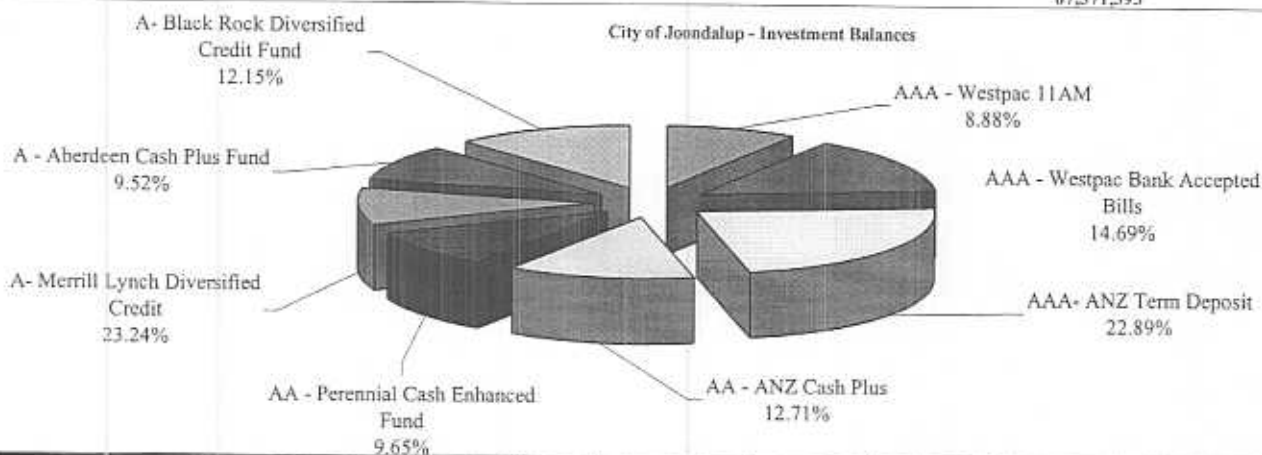
	Note	Adopted Budget	YTD Budget	YTD Actual	YTD Variance	YTD Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		(56,310,787)	(56,020,787)	(55,992,834)	(27,953)	0
Rates Specified Area		(141,353)	(141,353)	(141,340)	(13)	0
Government Grants and Subsidies - Operating		(3,364,026)	(922,054)	(875,027)	(47,027)	5
Contributions, Reimbursements & Donations - Operating		(668,646)	(161,777)	(207,125)	45,348	(28)
Profit on Disposal	1	(797,242)	(88,103)	(150,905)	62,802	(71)
Fees & Charges	2	(20,925,240)	(14,306,665)	(13,975,943)	(330,722)	2
Interest Earnings	3	(3,258,557)	(807,861)	(687,131)	(120,730)	15
Other Revenue		(115,000)	(26,250)	(22,198)	(4,052)	15
Total Operating Revenue		(85,580,851)	(72,474,850)	(72,052,504)	(422,346)	
OPERATING EXPENSES						
Employee Costs	4	35,622,498	8,858,769	8,126,801	731,968	8
Materials & Contracts	5	30,516,132	7,387,956	6,777,168	610,788	8
Utilities	6	3,409,028	860,782	783,113	77,669	9
Depreciation on Assets	7	16,310,047	4,108,421	4,190,456	(82,035)	(2)
Loss on Disposal		254,756	46,522	39,696	6,826	15
Insurance Expenses	8	1,049,495	982,894	733,976	248,918	25
Interest Expenses		297,910	49,678	48,587	1,091	2
Other Expenses	9	66,000	66,000	-	66,000	100
Total Operating Expenditure		87,525,866	22,361,022	20,699,797	1,661,225	
(SURPLUS)/DEFICIT FROM OPERATIONS		1,945,015	(50,113,828)	(51,352,707)	1,238,879	
CAPITAL REVENUE						
Capital Grants	10	(11,604,574)	(918,763)	(696,535)	(222,228)	24
Contributions & Reimbursements - Non Operating	11	(143,159)	(143,158)	-	(143,158)	100
Acquired Infrastructure Assets		(5,190,000)	-	-	-	0
Total Capital Revenue		(16,937,733)	(1,061,921)	(696,535)	(365,386)	
CAPITAL EXPENDITURE						
Capital Budget - Capital Projects	12	15,252,775	1,621,900	624,896	997,004	61
Capital Budget - Capital Works	13	23,876,959	187,000	469,807	(282,807)	(151)
Motor Vehicle Replacement	1	2,490,500	644,000	438,161	205,839	32
Loan Repayment (Principal)		606,879	80,348	80,348	-	-
Equity Investment		-	-	-	-	-
Total Capital Expenditure		42,227,113	2,533,248	1,613,212	920,036	
CAPITAL (SURPLUS)/DEFICIT		25,289,380	1,471,327	916,677	554,650	
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE		27,234,395	(48,642,501)	(50,436,030)	1,793,529	
ADJUSTMENTS FOR NON-CASH MOVEMENTS						
Depreciation on Assets		(16,310,047)	(4,108,421)	(4,190,456)	82,035	(2)
Loss on Disposal	1	(254,756)	(46,522)	(39,696)	(6,826)	15
Profit on Disposal	1	797,242	88,103	147,632	(59,529)	(68)
FUNDING						
Proceeds from Disposal	1	(1,398,326)	(230,500)	(373,394)	142,894	(62)
Loan Funds		(4,000,000)	-	-	-	-
Carried Forward Works & Motor Vehicle		-	-	-	-	-
Transfer from Reserve		(14,563,910)	-	-	-	-
Transfer to Reserve		9,247,653	-	-	-	-
Transfer to Accumulated Surplus		5,190,000	-	-	-	-
Opening Funds		(5,980,367)	(5,980,367)	(7,927,237)	1,946,870	(33)
Closing Funds		(38,116)	(58,920,208)	(62,819,181)	3,898,973	



Investment Summary

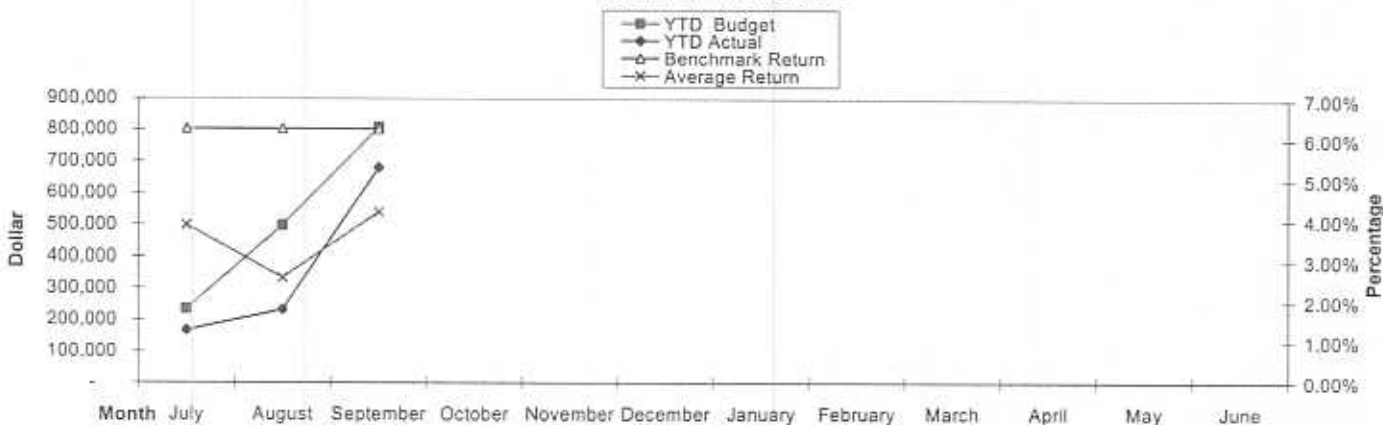
CITY OF JOONDALUP
September 2007

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	6.40%	6.37%	7,755,428.14	8.88%	50%
AAA - Westpac Bank Accepted Bills	6.81%	6.81%	12,838,226.88	14.69%	50%
AAA- ANZ Term Deposit	7.00%	7.00%	20,000,000.00	22.89%	50%
AA - ANZ Cash Plus	6.66%	5.25%	11,107,616.80	12.71%	50%
AA - Perennial Cash Enhanced Fund	7.50%	4.66%	8,428,573.91	9.65%	50%
AA - Perpetual Credit Enhanced Cash Fund	6.85%	4.06%	8,304,056.69	9.50%	50%
A - Aberdeen Cash Plus Fund	5.68%	4.53%	8,318,376.63	9.52%	40%
A - Black Rock Diversified Credit Fund	2.26%	-1.20%	10,619,113.88	12.15%	40%
Total Investment Portfolio	6.14%	4.20%	87,371,393	100.00%	
Municipal Funds			65,996,009		
Reserve Funds			21,375,384		
			87,371,393		



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	234,206	234,206	167,019	167,019	6.25%	3.88%
August	264,234	498,440	65,108	232,127	6.25%	2.59%
September	309,808	808,248	448,910	681,036	6.25%	4.20%

Return on Investments



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2007**

1 Profit on Disposal

The year to date variance relates to vehicles and plant disposed of in 2007/08 which were part of last year's plant replacement programme but were not included in the 2007/08 budget.

2 Fees and Charges

The year to date variance for fees and charges relates in the main to the following:

a) Service Charges	\$(435)k
b) Fees & Licences	\$82k
c) Service Fees & Charges	\$19k
d) Other	\$3k
	<u>\$(331)k</u>

a) The year to date variance is due to household refuse removal charges being below the number of properties estimated in the budget. This will be adjusted during the budget review.

b) This variance is mainly due to higher than budgeted revenue of \$52k for Building Licences and \$79k for Development Application Fees offset by lower than budgeted revenue of \$(65)k re Environmental Health Services Immunisation.

c) Service Fees & Charges are above budget mainly due to higher than budgeted CLC Membership Fees of \$75k offset by lower than budgeted revenue of \$(36)k for the Hire of Facilities, \$(18)k for Court Sports and \$(17)k for Term Programme Activities at various centres.

d) Minor variances – not material and spread across various accounts

3 Interest Earnings

The City received a year to date portfolio return of 4.2% compared to a budgeted return of 6.15%, resulting in reduced revenue of \$(127)k, being made up of an adverse rate variance of \$(255)k, and favourable volume variance of \$128k. This has been offset by \$6k interest received on the municipal bank account.

Overall returns improved in September, although the impact of the meltdown in the US sub-prime market is again reflected in some Managed Funds.

Returns are expected to improve, given the strong growth in the Australian economy and revised forecast of underlying inflation by the RBA. The next move in monetary policy is tipped to be a tightening of the Cash Rate to 6.75%.

4 Employee Costs

The details of the variances in employee costs are as follows: -

a) Vacant Positions	\$540k
b) Contract / Agency Labour	\$77k
c) Staff Training	\$47k
d) Workers Compensation Premium	\$236k
e) Capital Recovery - Wages	\$(117)k
f) Reversal of accrual re 2006/07	\$55k
g) Quarterly Adjustment re Annual Leave & Long Service Leave	\$(96)k
h) Other	\$(10)k
	<u>\$732k</u>

a) This variance is primarily due to vacant positions in the following areas:

• Approvals, Planning & Environmental Services	\$33k
• Governance Strategy Admin	\$70k
• Library Information Services	\$20k
• Financial Services	\$65k
• Leisure & Cultural Services	\$79k
• Information Management	\$22k
• Infrastructure Management (across all cost centres)	\$130k
• Operations Administration	\$95k
• Others	\$26k
	<u>\$540k</u>

Recruitment of staff continues to prove difficult. Some positions have been advertised multiple times, agencies and professional contacts are also being used to identify potential candidates.

b) This variance is mainly due to lower than budgeted contract / agency labour costs for Environmental Development of \$24k, Network Services of \$24k and Operation Services Parks Maintenance Works of \$30k.

c) There was an \$80k budget for HR Staff Training costs of which only \$33k has been spent across various departments.

d) The Workers Compensation Premium variance is due to the premium paid being held on the balance sheet which will be expensed in October.

e) Capital Recovery – Wages is budgeted as a recoupment of labour costs on Capital Works. Actual charges are expected to increase as Capital Expenditure increases in the year.

f) & h) Variances as detailed above

g) The provisions for leave will be aligned more closely to actual liability in the coming months.

5 Materials and Contracts

The details of the underspend in materials and contract costs are as follows: -

a) Administration	\$191k
b) Computing	\$(63)k
c) Contributions and Donations	\$(233)k
d) Equipment Expenditure	\$76k
e) Materials	\$154k
f) Land & Buildings Expenditure	\$(206)k
g) Other Service Expenses	\$91k
h) Service Charges From Other Councils	\$550k
i) Other	\$51k
	<u>\$611k</u>

Year to date variances are attributable to the following:

a) The Administration variance is partially due to an underspend of \$90k on printing of which \$32k relates to the Craigie Leisure Centre area (mainly due to the Leisure Guide), \$10k in the Environmental Waste area (relating to the printing of the tip vouchers and the bulk collection pamphlet distributed with the rates notices), \$10k re Infrastructure Traffic Management and \$11k re Corporate Governance. There was also a favourable variance to budget of \$50k due to the timing of the election costs and \$25k on general advertising across the City.

b) The Computing expenditure variance is mainly due to the allocation of annual software maintenance spend of \$(81)k which was budgeted to be incurred later in the year. Overall the annual actual expenditure will not be materially different to budget. There was also an overprovision of \$25k in 2006/07 for computer software licences.

c) The Contributions and Donations variance is primarily due to an overspend against budget of \$(284)k which represents a 40% progress payment for the Arena Community Sport Funding.. There were also savings against budget of \$49k for various donations and sponsorship.

d) The Equipment expenditure variance relates mainly to underspend on plant & equipment of \$66k, with the main variances being timing differences with the expenditure still being planned in Environmental Waste Management \$30k for replacement bins, aerobic equipment at Craigie Leisure Centre \$7k and Parks and Engineering \$11k. A container of replacement bins will be ordered shortly with the costs expected to be incurred in October/November.

e) The Materials variance is mainly due to underspends in Operation Services due to delays in the start of budgeted work. This is partially offset by extra costs associated with the transportation of recyclables during the closure of the Mindarie Recycling Facility in Wangara.

f) The variance on Land & Buildings expenditure is mainly due to costs incurred relating to the development of the car park at Lot 6 Lawley Court of \$(187)k, these are to be capitalised in October. (See Note 12b)

g) The variance on Other Service Expenses relates in the main to tipping fees, which are \$63k below budget.

h) The variance on Service Charges from other councils of \$534k is mainly due to \$305k for invoices for domestic refuse collection that are to be processed in October, with future periods expected to more closely align with budget.

i) Minor variances – not material and spread across various accounts

6 Utilities

a) Electricity / Gas	\$126k
b) Water	\$(48)k
	<u>\$78k</u>

a) There was a saving against budget of \$135k in Operations for electricity charges, this is due to invoices being received late which will be processed in October.

b) Water charges are above budget across various cost centres including \$(17)k for Building Cleaning Works and \$(8)k for Building Management Preservation.

7 Depreciation

Depreciation charges were \$(82)k over budget of which \$(47)k was on plant & equipment and \$(29)k on computers & communications.

8 Insurance Expenses

Insurance costs were \$249k below budget, the 2nd instalment of \$246k for Professional Indemnity & Municipal Liability Insurance will be paid in November when due.

9 Other Expenses

There was a favourable variance to budget of \$66k due to the timing of the FESA ESL levy which was invoiced in September and will be paid in October.

10 Capital Grants

Capital Grants received are below budget by \$(138)k for the Roads To Recovery Program and \$(67)k for the Metro Regional Road Program. These are dependant on claims being lodged as works progress.

11 Contributions – Non Operating

No contributions have been received yet against the annual budget of \$(143)k for Parks & Building Maintenance Works.

12 Capital Projects

The underspend is due primarily to the following projects: -

	Annual Budget	Budget	Actual	Variance
a) Joondalup Works Depot	\$6200k	\$860k	\$441k	\$419k
b) Parking Lot 6 Lawley Court	\$0k	\$0k	\$11k	\$(11)k
c) Joondalup Drive Masterplan	\$192k	\$114k	\$0k	\$114k
d) Ocean Reef Development	\$1200k	\$300k	\$0k	\$300k
e) Fee Paid Car Parking Joondalup CBD	\$1200k	\$70k	\$0k	\$70k
f) Network Infrastructure Upgrades	\$280k	\$70k	\$19k	\$51k
g) Other	\$6181k	\$208k	\$154k	\$54k
	\$15253k	\$1622k	\$625	\$997k

a) The Works Depot variance is due to costs being incurred later than budgeted.

b) Actual expenditure on Parking Lot 6 Lawley Court relates mainly to Works Infrastructure invoices received in July, \$187k of which is to be transferred from Land & Buildings (note 5f) above.

c) – g) These variances are due to projects commencing at a later date than budgeted.

13 Capital Works

The capital works expenditure for September YTD of \$775k has been offset in part by the reversal of the end of year accruals of \$(305)k for capital WIP for 2006/07. Not all expenditure has yet come through in relation to the end of year accrual of which a balance remains of \$654k.

	Budget	Actual	Variance
a) Road Preservation Programme Federal Local Roads Grant 06/07 (project 6884)	\$0k	\$108k	\$(108)k
b) Coastal Foreshore Maintenance (project 7022)	\$100k	\$20k	\$80k
c) Road Preservation Programme Main Roads Department Grant 06/07 (project 6902)	\$0k	\$67k	\$(67)k
d) Joondalup City Centre Parking Strategy Plan (project 6785)	\$0k	\$33k	\$(33)k
e) Sorrento Tennis Courts (project 2378)	\$0k	\$20k	\$(20)k
f) Sorrento Traffic Management Scheme (project 6846)	\$0k	\$66k	\$(66)k
g) Telopia Park, Duncraig – Bore & Reticulation (project 2392)	\$0k	\$(33)k	\$33k
h) Fenton Park, Hillarys – Bore & Reticulation (project 2393)	\$0k	\$(27)k	\$27k
i) Various Other Projects	\$87k	\$216k	\$(129)k
	<u>\$187k</u>	<u>\$470k</u>	<u>\$(283)k</u>

Budgeted capital works expenditure is phased to commence in September, most projects have yet to commence but some minor projects have actually commenced earlier than budgeted. There has been some minor unbudgeted expenditure relating to the final costs coming through on 2006/07 projects, partly offset by year end accruals.

a) Road Preservation Programme Federal Local Roads Grant 06/07 expenditure represents actual expenditure carry overs against a budget allowance of \$500k which is included in the 07/08 Federal Local Roads Grant programme.

b) The variance on the Coastal Foreshore Maintenance project is due to the project starting later than budgeted.

c) – i) Capital Works not commenced or considered immaterial.

14 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$87,327k
Rates and Sundry Debtors	\$24,829k
GST Receivable	\$377k
Accrued Income	\$222k
Advances and Prepayments	\$219k
	\$112,974k
<u>Less: Current Liabilities</u>	
Creditors	(\$9,325k)
Provisions	(\$5,655k)
Accrued Expenses	(\$3,729k)
Income in Advance	(\$0k)
GST Payable	(\$64k)
Other- Clearing	(\$47k)
	(\$18,820k)
<u>Less: Restricted Assets</u>	
Reserves	(\$31,367k)
Movement in Long Term Provisions	\$33k
Closing Funds	\$62,820k