

City of
Joondalup

*Financial Activity Statement for
the Period Ended
31 March 2008*

Contents

Appendix

Financial Activity Statement
Investment Summary
Notes to and Forming Part of the Financial Activity Statement

A
B
C

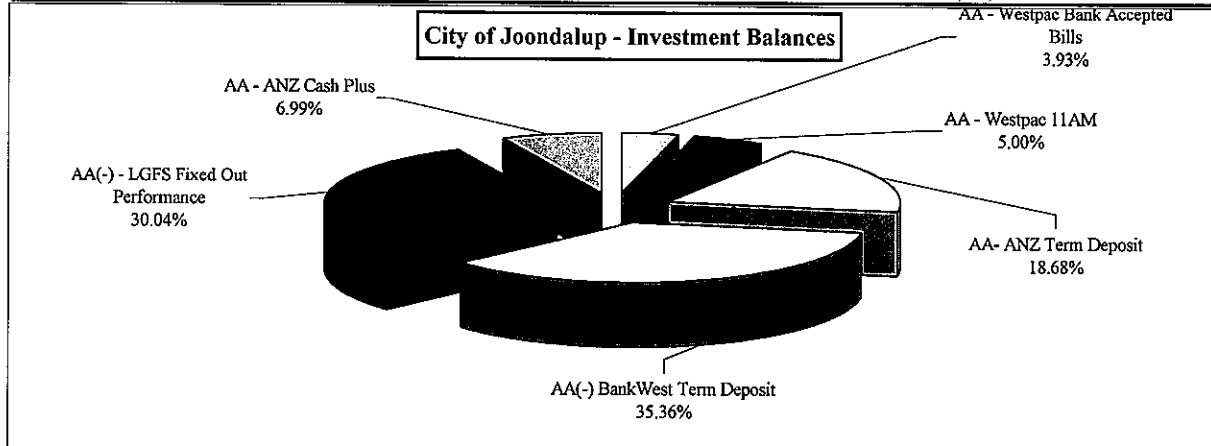
Financial Activity Statement for the period ended 31st March 2008

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance	YTD Variance %
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		(56,409,271)	(56,294,178)	(56,374,960)	80,782	(0)
Rates Specified Area		(144,374)	(144,374)	(144,628)	254	(0)
Government Grants and Subsidies	1	(3,771,231)	(3,031,810)	(2,608,781)	(423,029)	14
Contributions, Reimbursements & Donations	2	(720,062)	(631,775)	(693,497)	61,722	(10)
Profit on Disposal		(797,244)	(158,931)	(151,119)	(7,812)	5
Fees & Charges		(20,994,942)	(19,023,268)	(18,935,811)	(87,457)	0
Interest Earnings		(3,650,346)	(2,700,374)	(2,633,263)	(67,111)	2
Other Revenue		(88,996)	(72,996)	(67,481)	(5,515)	8
Total Operating Revenue		(86,576,466)	(82,057,706)	(81,609,540)	(448,166)	1
OPERATING EXPENSES						
Employee Costs		35,445,684	26,482,173	26,254,059	228,114	1
Materials & Contracts	3	32,475,483	23,575,836	20,571,282	3,004,554	13
Utilities		3,440,499	2,498,491	2,366,599	131,892	5
Depreciation on Assets		16,684,526	12,521,381	12,556,881	(35,500)	(0)
Loss on Disposal		273,843	137,918	102,714	35,204	26
Insurance Expenses		1,052,346	1,029,703	993,379	36,324	4
Interest Expenses		240,308	145,757	158,778	(13,021)	(9)
Other Expenses		66,279	66,279	66,279	0	0
Total Operating Expenditure		89,678,968	66,457,538	63,069,971	3,387,567	5
(SURPLUS)/DEFICIT FROM OPERATIONS		3,102,502	(15,600,168)	(18,539,570)	2,939,402	(19)
CAPITAL REVENUE						
Capital Grants	4	(7,654,002)	(6,087,428)	(3,668,584)	(2,418,844)	40
Contributions & Reimbursements		(30,000)	(30,000)	0	(30,000)	100
Acquired Infrastructure Assets		(5,189,999)	0	0	0	0
Total Capital Revenue		(12,874,001)	(6,117,428)	(3,668,584)	(2,448,844)	40
CAPITAL EXPENDITURE						
Capital Budget - Capital Projects	5	12,928,309	8,441,083	4,065,946	4,375,137	52
Capital Budget - Capital Works	6	18,655,979	7,163,300	4,452,419	2,710,881	38
Motor Vehicle Replacement	7	2,490,500	1,655,500	900,091	755,409	46
Loan Repayment (Principal)		328,483	244,573	244,573	0	0
Equity Investment		0	0	0	0	0
Total Capital Expenditure		34,403,271	17,504,456	9,663,029	7,841,427	45
CAPITAL (SURPLUS)/DEFICIT		21,529,270	11,387,028	5,994,445	5,392,583	47
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE		24,631,772	(4,213,140)	(12,545,125)	8,331,985	(198)
ADJUSTMENTS FOR NON-CASH MOVEMENTS						
Depreciation on Assets		(16,684,526)	(12,521,381)	(12,556,881)	35,500	(0)
Loss on Disposal		(273,843)	(137,918)	(102,714)	(35,204)	26
Profit on Disposal		797,242	158,931	151,119	7,812	5
FUNDING						
Proceeds from Disposal		(1,310,441)	(497,441)	(440,337)	(57,104)	11
Loan Funds		(1,200,000)	0	0	0	0
Transfer from Reserve		(11,806,284)	0	0	0	0
Transfer to Reserve		8,551,191	0	0	0	0
Transfer to Accumulated Surplus		5,190,000	0	0	0	0
Opening Funds		(7,927,239)	(5,980,367)	(7,927,237)	1,946,870	(33)
CLOSING FUNDS	8	(32,128)	(23,191,316)	(33,421,175)	10,229,859	(44)

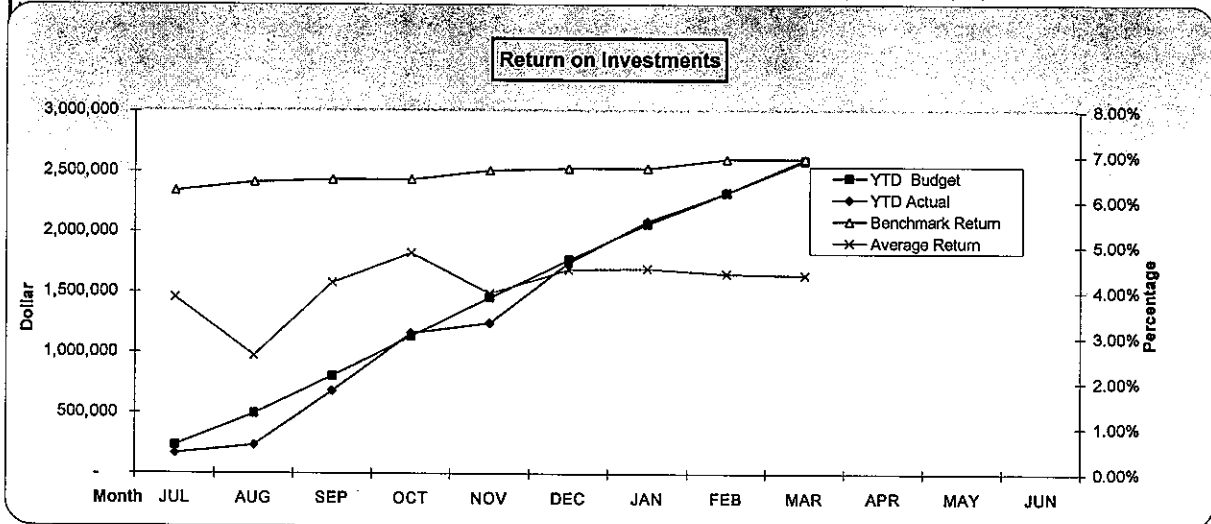
Investment Summary

CITY OF JOONDALUP
March-08

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AA - Westpac Bank Accepted Bills	7.70%	6.96%	2,944,102	3.93%	50%
AA - Westpac 11AM	7.13%	6.51%	3,749,366	5.00%	50%
AA- ANZ Term Deposit	7.70%	7.34%	14,000,000	18.68%	50%
AA(-) BankWest Term Deposit	7.70%	7.66%	26,500,000	35.36%	50%
AA(-) - LGFS Fixed Out Performance	8.31%	7.58%	22,517,744	30.04%	50%
AA - ANZ Cash Plus	-2.17%	3.16%	5,239,139	6.99%	50%
AA - Perennial Cash Enhanced Fund	-3.63%	2.82%	-	0.00%	50%
A - Perpetual Credit Enhanced Cash Fund	-0.12%	3.02%	-	0.00%	50%
A - Aberdeen Cash Plus Fund	-11.56%	0.94%	-	0.00%	40%
A- Black Rock Diversified Credit Fund	0.00%	-2.75%	-	0.00%	40%
Total Investment Portfolio	2.11%	4.38%	74,950,351	100.00%	
Municipal Funds			53,574,967		
Reserve Funds			21,375,384		
			74,950,351		



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
JUL	234,206	234,206	167,019	167,019	6.25%	3.88%
AUG	264,234	498,440	65,108	232,127	6.44%	2.59%
SEP	309,808	808,248	450,844	682,970	6.50%	4.21%
OCT	332,657	1,140,905	478,031	1,161,002	6.50%	4.87%
NOV	318,322	1,459,227	85,004	1,246,006	6.70%	3.98%
DEC	315,187	1,774,414	503,789	1,749,795	6.75%	4.51%
JAN	298,317	2,072,731	339,281	2,089,076	6.75%	4.53%
FEB	254,128	2,326,859	236,164	2,325,240	6.96%	4.41%
MAR	266,884	2,593,743	277,587	2,602,826	6.96%	4.38%



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 MARCH 2008**

1 Government Grants and Subsidies

This variance relates to the following:

a) Lotteries Commission	\$(27)k
b) Healthways	\$(27)k
c) Other Government Grants & Subsidies	\$(375)k
d) Various	\$6k
	<u>\$(423)k</u>

a) The \$27k grant from the Lotteries Commission for the Joondalup Festival will be received later than budgeted.

b) Funding from Healthways is forecast to be received later than budgeted for various projects including the Summer Concerts and the Joondalup Festival.

c) Various other Grants are \$(375)k below the revised budget. These include \$(218)k for the Community Water Grant and \$(53)k for the Eco Business Grant forecast in the budget to be received during the remaining period of this financial year. Payment of these grants depends on meeting specific targets under their respective Grant conditions and only \$185k of the Community Water Grant is now likely to be received.

The full amount of the 'Thinklearn' project grant of \$(89)k was included in the revised budget, however \$(51)k of this was previously received in the 06/07 financial year and therefore only the balance of \$(38)k will be received in June.

d) Other variances are not material and are spread across various accounts

2 Contributions, Reimbursements & Donations

The year to date variance for Contributions, Reimbursements and Donations relates to the following:

a) Reinstatement of Works	\$20k
b) Miscellaneous Reimbursements	\$42k
	<u>\$62k</u>

a) The revenue for Reinstatement of Works was not adjusted in the mid-year review and the actual revenue to June will be above the full year amount of \$14k in the revised budget. The actual period to date figure, however, of \$40k is only 39% of the originally adopted full year budget of \$86k. This trend indicates that less reinstatement work is currently being incurred by third party contractors.

b) An unbudgeted amount of \$22k was received from the LGIS Liability, Workcare and Property Self Insurance scheme to adjust the 2006/2007 Workers Compensation claim year. A reimbursement of conference expenses was received of \$6k for the ICLEI Biodiversity Project. Operation Services were \$11k above budget for reimbursements for mowing services at various schools.

3 Materials and Contracts

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

a) Administration	\$329k
b) Finance Related Costs	\$128k
c) Public Relations & Corporate Expenditure	\$108k
d) Professional Fees & Costs	\$112k
e) Consultancy & Contractors	\$118k
f) Computing	\$252k
g) Contributions and Donations	\$87k
h) Equipment	\$392k
i) Materials	\$434k
j) Books & Publications	\$29k
k) Other Service Expenses	\$198k
l) Service Charges From Other Councils	\$676k
m) Land & Buildings Expenditure	\$35k
n) Travel, Vehicles & Plant	\$28k
o) Members Costs	\$32k
p) Other - various	\$47k
	<u>\$3,005k</u>

Year to date variances are attributable to the following:

a) The favorable Administration variance is due to an actual saving in Election Costs of \$153k compared to the budget. In addition savings in Printing Costs of \$137k are due to the timing of the payments for the March Council News, Joondalup Festival Guide and the Youth Diary. The remaining balance resulted from other minor variances and timing differences in Administration costs including postage and photocopying.

b) The Finance Related Costs variance relates mainly to \$86k variance in Environmental Waste Management where the payment of rates for the Mindarie Recycling Facility was not phased in the revised budget until after March. In addition there is a \$13k variance for Operations Private Works which are lower than budget. Credit Card and Bank Charges expenditure is also \$27k below budget mainly due to customers using different methods of payment than estimated in the budget.

c) Expenditure is under budget primarily due to underspends in Promotions of \$50k, which includes \$18k to re-brand City Watch and \$17k is to promote Paid Parking, now delayed due to the timing of the parking implementation. Catering was \$35k and Civic

Functions \$18k under budget all of which will be expended by the end of the financial year.

d) Professional Fees are below budget by \$92k on Legal Expenses, which are dependant on the timing of these being actually incurred. Also lower expenditure compared to budget of \$14k on Licence and \$11k on Valuation Fees occurred; in both cases this is due to a combination of timing of payments and lower volume of fees than expected.

e) Consultancy and Contractors costs were \$118k below budget. Consultancy work was \$152k below budget as expenditure is dependant on the timing of the approval of projects of which a number are still to commence. Contract Staff costs were \$(50)k over budget which includes \$(29)k for Parks Maintenance Works and \$(15)k for the Access & Inclusion Training which was additional grant funding than budgeted.

f) The Computing expenditure variance is mainly due to the timing difference occurring in the payment of annual software licences of \$236k, of which \$224k will be paid in April. Overall the annual actual expenditure will not be materially different to budget.

g) The Contributions and Donations variance is primarily due to Sponsorship expenditure being \$96k below budget. A variance of \$14k relates to the Sunset Coast Tourism Association, plus timing differences in sponsorships totalling \$54k for the Bike Hike and several Surf Clubs. These are all due to be expended later in the year and \$28k related to two pending Sports Development Program grants which should be paid in April.

h) The primary areas of Equipment under expenditure were for Minor Furniture & Office Equipment of \$179k of which \$130k relates to the Community Facilities Furniture Replacement Program, which should be spent by the end of May. Also a timing variance of \$30k for other Leisure & Cultural Services areas includes the outfit of the Art Storeroom which should be in April.

Minor Plant & Equipment Purchases were \$110k below budget of which \$63k relates to the Waste Management Program, \$31k for Operations Administration, \$15k for Community Facilities. Expenditure was also below budget on Equipment Hire of \$91k of which \$85k relates to Cultural Development for the Summer Concerts, which should be paid in April.

i) The Materials variance is below budget in a number of operating areas. In Strategic Development, purchases were below budget in both Economic Development \$62k and Environmental Development \$89k, where commencement of works associated with the Eco Business and Community Water Grants will not be as early as expected.

Engineering Maintenance is \$410k below budget mainly due to drainage maintenance costs where sump cleaning and re-building is dependant on weather conditions. The majority of works will take place more in the coming months than was expected in the budget. Also Building Cleaning Works were \$86k below budget due to timing of paperwork.

Overspends have been incurred to date of \$(81)k in Graffiti Control, which is necessarily incurred on demand for cleaning affected sites. An overspend of \$(73k) in Waste Management is offset by savings in Services Charges from Other Councils (see I below) and higher costs than expected of \$(51)k occurred in Parks Maintenance Works due to phasing differences.

j) Books & Publications costs were \$29k below budget of which \$14k was for Libraries' subscriptions for newspapers, magazines and periodicals with the remaining variance being spread across various minor accounts.

k) The Other Service Expenses variance arises from under budget expenditure of \$94k on Tipping Fees, \$29k on various Programme Activities including Travelsmart and the Music & Skate Programs and \$87k on Production costs due to the timing of the expenditure incurred on the 2008 Staff Conference and the Joondalup Festival.

l) The favourable variance on Service Charges from Other Councils relates to Waste Management Services where charges are outstanding from City of Wanneroo and are yet to be processed. It is anticipated that the coming months will be more closely aligned with the budget.

m) – p) Other variances are not material and occur across a range of smaller accounts.

4 Capital Grants and Contributions

The variances are as follows:

a) Capital Grants	\$ (2,419)k
b) Capital Contributions and Reimbursements	\$ (30)k

a) Grants under the Metro Regional Road Programme were redirected to the Burns Beach Road project from planned work on Moore /Connolly Drives. The reallocation of the grant priorities and the tendering and award of Contract works was longer than anticipated, with commencement of work now underway. A variance of \$(2,384)k has resulted for the period to date. The work is proceeding as expected with further grant monies to be claimed at 40 % construction. In addition \$(124)k relates to Black Spot funding still to be received, mainly offset by \$66k over budget for formula Local Roads Grants.

b) A \$(30)k contribution towards Community Safety had been scheduled to be received for improvements to parking and safety at various schools, which is yet to be completed.

5 Capital Projects

The underspend is due primarily to the following projects: -

	Revised Budget	YTD Rev Budget	YTD Actual	Variance
a) Joondalup Works Depot	\$5,808k	\$4,440k	\$2,814k	\$1,626k
b) Fee Paid Car Parking Joondalup CBD	\$1,200k	\$1,200k	\$0k	\$1,200k
c) Document Management	\$520k	\$270k	\$0k	\$270k
d) Library Management System	\$309k	\$309k	\$58k	\$251k
e) Joondalup Drive Masterplan	\$192k	\$183k	\$0k	\$183k
f) Cultural Facility	\$170k	\$170k	\$0k	\$170k
g) Corporate Email & Domain Upgrade	\$203k	\$160k	\$13k	\$147k
h) Kingsley Community Facilities	\$259k	\$129k	\$0k	\$129k
i) Woodvale / Kingsley Facility Dev	\$250k	\$125k	\$0k	\$125k
j) CCTV Joondalup CBD – City Watch	\$267k	\$109k	\$0k	\$109k
k) IT Service Management Systems	\$105k	\$105k	\$0k	\$105k
l) Network Infrastructure Upgrade	\$280k	\$210k	\$127k	\$83k
m) Website Content Management System	\$50k	\$50k	\$0k	\$50k
n) Property System Technology Upgrade	\$50k	\$50k	\$0k	\$50k
o) Other	\$3,265k	\$931k	\$1,054k	\$(123)k
	\$12,928k	\$8,441k	\$4,066k	\$4,375k

a) The Joondalup Works Depot project is well progressed with costs incurred still to be processed, which will now be later than phased in the revised budget. Additional costs arising for items such as asbestos removal and upgrades to the on-site transformer will more than offset the previously reported saving of \$188k from the Water Corporation contribution.

b) Actual implementation of Fee Paid Car Parking in the Joondalup CBD is dependant on delivery times for the Ticket Machines, which are to be confirmed by the supplier. The project is expected to be ready to commence by July.

c) The new Document Management System for the City has been selected and a review of record keeping processes will commence in May. The project implementation will continue into the new financial year.

d) The key staff have been trained in the use of the new Library Management System and the computer server is currently being upgraded, with the roll-out to all staff and full testing to commence after that.

e) Joondalup Drive Masterplan is undergoing seed propagation in preparation for the planting program, which will take place in June. Concrete path works and brick paving has commenced, with asphalt work programmed for May.

- f) The City has secured the cultural facility site. The initiation of design development for the site has not commenced. It is unlikely that the funds will be spent in the April to June quarter.
- g) The majority of the work has been completed for the Corporate Email & Domain upgrade, with most of the costs to be paid by May.
- h) The draft concept plans have been completed for the Kingsley Memorial Clubrooms and design development work has commenced, including cost estimates.
- i) A proposal outlining development sites or projects within each suburb of the Kingsley/Woodvale special area is currently under consideration.
- j) The CCTV Joondalup CBD – City Watch project is in the design and specification stage, with particular focus on evaluating various technical solutions.
- k) The IT Service Management System project start date has been deferred due to conflicting priorities and is now expected to commence in June.
- l) – o) These variances are due to projects being behind schedule or commencing at a later date than budgeted, with the exception of certain capital costs arising not forecast in the budget such as the new Sound System for the Council Chambers which has been treated as capital for accounting purposes but was included in Operating expenditure in the revised budget.

6 Capital Works

	Revised Budget	YTD Budget	Actual	Variance
a) Major Building Works	\$839k	\$461k	\$354k	\$107k
b) Road Resurfacing Program	\$4,116k	\$3,070k	\$2,025k	\$1,045k
c) Foreshores, Parks and Reserves	\$1,400k	\$665k	\$870k	\$(205)k
d) Drainage	\$415k	\$285k	\$67k	\$218k
e) Streetscape Enhancement	\$706k	\$100k	\$0k	\$100k
f) Traffic Management	\$1,099k	\$623k	\$363k	\$260k
g) Footpaths	\$1,285k	\$575k	\$9k	\$566k
h) Playground Equipment	\$305k	\$50k	\$0k	\$50k
i) Roadworks	\$7,744k	\$810k	\$256k	\$554k
j) Sporting Facilities	\$228k	\$125k	\$22k	\$103k
k) Engineering Works	\$295k	\$225k	\$312k	\$(87)k
l) Spend re Prior Year	\$174k	\$174k	\$174k	\$0k
m) Council Works – Car Parks CP1	\$50k	\$0k	\$0k	\$0k
	\$18,656k	\$7,163k	\$4,452k	\$2,711k

- a) The Major Building Works to date includes the Joondalup Civic and Administration Buildings basement modifications and upgrades to the security and lift systems. Work is progressing and is expected to be on budget. Work still to be undertaken includes various Building Maintenance projects still to be completed and \$67k reimbursement to the Sorrento Surf Life Saving Club for alterations is still to be processed.
- b) The Road Resurfacing work includes a significant amount of work on suburban roads, including Marmion, Whitfords Avenue and Wedgwood Drive. Most of the planned work is on schedule; however delays in payments are being experienced due to outstanding paperwork from contractors', resulting in a favourable variance.
- c) Work is progressing earlier than budget on coastal foreshore maintenance, with much of the work being done on the reticulation renewal program and various parks and Playground Equipment. The forecast spend for the financial year expected to be on budget.
- d) Orders have been placed for materials required for the Drainage projects, some of which have yet to be received, the projects will be on budget and will complete this financial year.
- e) Work on the Streetscape Enhancement projects is behind budget some of which is due to works being tied to the winter planting season which is later in the financial year.
- f) Traffic Management projects are behind budget due to delays in gaining Main Roads approvals, however they are forecast to be on budget at the end of the financial year.
- g) – n) The variances on other Capital Works are mainly due to the timing of the commencement of the projects compared to budget phasing.

7 Motor Vehicle Replacement

The major part of this variance is due to increased supplier lead time for some items, such as ride –on mowers, trailers and vans. There are also some larger items where specifications are being sought, and tenders are being placed later than budgeted, including the tractor for the Depot.

8 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$75,146k
Rates and Sundry Debtors	\$1,891k
GST Receivable	\$425k
Accrued Income	\$407k
Advances and Prepayments	\$131k
	\$78,000k
<u>Less: Current Liabilities</u>	
Creditors	(\$2,918k)
Provisions	(\$5,941k)
Accrued Expenses	(\$4,243k)
Income in Advance	(\$0k)
GST Payable	\$(70k)
Other- Clearing	(\$73k)
	(\$13,245k)
<u>Less: Restricted Assets</u>	
Reserves	(\$31,367k)
Movement in Long Term Provisions	\$33k
Closing Funds	\$33,421k

5 Capital Projects

The underspend is due primarily to the following projects: -

	Revised Budget	YTD Rev Budget	YTD Actual	Variance
a) Joondalup Works Depot	\$5,808k	\$4,440k	\$2,814k	\$1,626k
b) Fee Paid Car Parking Joondalup CBD	\$1,200k	\$1,200k	\$0k	\$1,200k
c) Document Management	\$520k	\$270k	\$0k	\$270k
d) Library Management System	\$309k	\$309k	\$58k	\$251k
e) Joondalup Drive Masterplan	\$192k	\$183k	\$0k	\$183k
f) Cultural Facility	\$170k	\$170k	\$0k	\$170k
g) Corporate Email & Domain Upgrade	\$203k	\$160k	\$13k	\$147k
h) Kingsley Community Facilities	\$259k	\$129k	\$0k	\$129k
i) Woodvale / Kingsley Facility Dev	\$250k	\$125k	\$0k	\$125k
j) CCTV Joondalup CBD – City Watch	\$267k	\$109k	\$0k	\$109k
k) IT Service Management Systems	\$105k	\$105k	\$0k	\$105k
l) Network Infrastructure Upgrade	\$280k	\$210k	\$127k	\$83k
m) Website Content Management System	\$50k	\$50k	\$0k	\$50k
n) Property System Technology Upgrade	\$50k	\$50k	\$0k	\$50k
o) Other	\$3,265k	\$931k	\$1,054k	\$(123)k
	<u>\$12,928k</u>	<u>\$8,441k</u>	<u>\$4,066k</u>	<u>\$4,375k</u>

a) The Joondalup Works Depot project is well progressed with costs incurred still to be processed, which will now be later than phased in the revised budget. Additional costs arising for items such as asbestos removal and upgrades to the on-site transformer will more than offset the previously reported saving of \$188k from the Water Corporation contribution.

b) Actual implementation of Fee Paid Car Parking in the Joondalup CBD is dependant on delivery times for the Ticket Machines, which are to be confirmed by the supplier. The project is expected to be ready to commence by July.

c) The new Document Management System for the City has been selected and a review of record keeping processes will commence in May. The project implementation will continue into the new financial year.

d) The key staff have been trained in the use of the new Library Management System and the computer server is currently being upgraded, with the roll-out to all staff and full testing to commence after that.

e) Joondalup Drive Masterplan is undergoing seed propagation in preparation for the planting program, which will take place in June. Concrete path works and brick paving has commenced, with asphalt path works programmed for May.