



*Financial Activity Statement for
the Period Ended
30 September 2008*

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City of Joondalup
Financial Activity Statement
for the period ended 30 September 2008

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(61,129,616)	(60,276,375)	(60,622,587)	346,212	1%
Grants and Subsidies		(3,510,975)	(936,529)	(957,303)	20,774	2%
Contributions Reimbursements and Donations		(1,276,575)	(163,947)	(120,726)	(43,221)	(26)%
Profit on Asset Disposals	10	(2,015,189)	(195,157)	(45,475)	(149,682)	(77)%
Service Charges		-	-	-	-	
Fees and Charges		(24,729,963)	(16,339,291)	(15,776,362)	(562,929)	(3)%
Investment Earnings	1	(4,555,137)	(1,033,400)	(1,246,325)	212,924	21%
Other Revenue/Income		(94,800)	(23,700)	(30,485)	6,785	29%
Total Operating Revenue		(97,312,255)	(78,968,399)	(78,799,262)	(169,137)	(0)%
OPERATING EXPENSES						
Employee Costs	2	40,049,751	10,085,618	9,252,781	832,837	8%
Materials and Contracts	3	34,613,464	8,946,320	7,273,471	1,672,849	19%
Utilities (gas, electricity, water etc.)	4	3,319,031	829,664	692,702	136,962	17%
Depreciation of Non-Current Assets		16,524,473	4,157,881	4,244,061	(86,180)	(2)%
Loss on Asset Disposal		180,058	28,598	8,306	20,292	71%
Interest Expenses		303,861	18,178	43,339	(25,161)	(138)%
Insurance Expenses	5	1,210,641	904,968	814,205	90,764	10%
Other Expenses	6	-	-	(239,362)	239,362	100%
Total Operating Expenses		96,201,280	24,971,227	22,089,502	2,881,725	12%
(SURPLUS)/DEFICIT FROM OPERATIONS		(1,110,975)	(53,997,172)	(56,709,760)	2,712,588	5%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(16,524,473)	(4,157,881)	(4,244,061)	86,180	2%
Loss on Asset Disposal		(180,058)	(28,598)	(8,306)	(20,292)	(71)%
Profit on Asset Disposals		2,015,189	195,157	45,475	149,682	77%
OPERATING CASH (SURPLUS)/DEFICIT		(15,800,317)	(57,988,494)	(60,916,652)	2,928,157	5%
NON-OPERATING REVENUE						
Non-operating Capital Grants and Subsidies	7	(9,708,843)	(1,406,399)	(2,245,970)	839,571	-60%
Acquired Infrastructure Assets		(6,085,000)	-	-	-	
Total Non-Operating Revenue		(15,793,843)	(1,406,399)	(2,245,970)	839,571	(60)%
CAPITAL EXPENDITURE						
Capital Projects	8	9,063,754	1,532,105	1,779,668	(247,563)	(16)%
Capital Works	9	23,558,100	1,722,011	948,500	773,511	45%
Motor Vehicle Replacements	10	3,221,639	1,823,332	765,210	1,058,122	58%
Loan Repayment Principal		651,146	85,132	85,132	-	
Equity Investments		-	-	-	-	
Total Capital Expenditure		36,494,639	5,162,580	3,578,510	1,584,070	31%
CAPITAL (SURPLUS)/DEFICIT		20,700,796	3,756,181	1,332,540	2,423,641	65%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL FUNDING		4,900,479	(54,232,313)	(59,584,111)	5,351,798	10%
FUNDING						
Proceeds from Disposal	10	(2,820,179)	(496,590)	(108,545)	(388,045)	(78)%
Loan Funds		(2,794,000)	-	-	-	
Transfer from Reserve		(9,685,276)	-	-	-	
Transfer to Reserve		6,054,036	-	-	-	
Transfer to Accumulated Surplus		6,085,000	-	-	-	
Opening Funds		(1,768,285)	(1,768,285)	(3,310,467)	1,542,182	87%
CLOSING FUNDS	11	(28,225)	(56,497,188)	(63,003,123)	6,505,935	12%

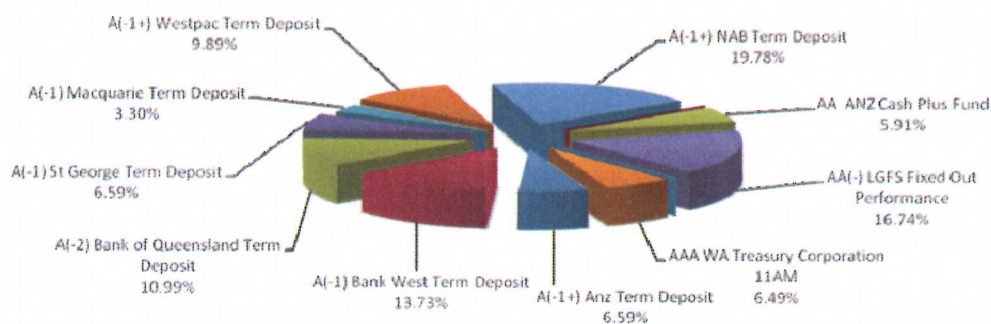


Investment Summary

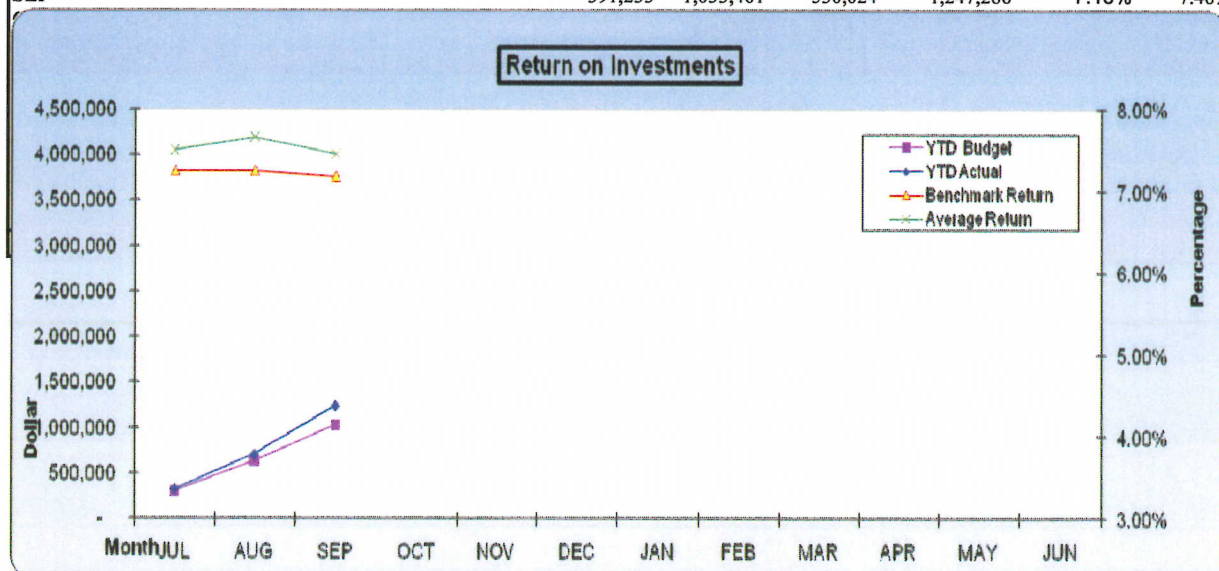
CITY OF JOONDALUP
September-08

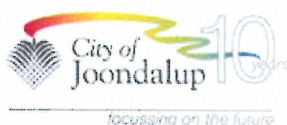
Investment Account	MTD Return	YTD Return	Value	\$	% of Portfolio	Policy Limit
A(-1+) Anz Term Deposit	7.75%	7.78%	\$ 6,000,000		6.59%	20%
A(-1) Bank West Term Deposit	7.95%	7.98%	\$ 12,500,000		13.73%	15%
A(-2) Bank of Queensland Term Deposit	7.99%	8.05%	\$ 10,000,000		10.99%	10%
A(-1) St George Term Deposit	7.72%	7.71%	\$ 6,000,000		6.59%	15%
A(-1) Macquarie Term Deposit	8.08%	8.08%	\$ 3,000,000		3.30%	15%
A(-1+) Westpac Term Deposit	7.50%	7.50%	\$ 9,000,000		9.89%	20%
A(-1+) NAB Term Deposit	7.79%	7.79%	\$ 18,000,000		19.78%	20%
A(-1+) Westpac Bank Accepted Bills	0.00%	7.47%	\$ -		0.00%	20%
AA ANZ Cash Plus Fund	-1.78%	2.51%	\$ 5,375,610		5.91%	20%
AA(-) LGFS Fixed Out Performance	7.60%	8.09%	\$ 15,231,704		16.74%	20%
A(-1+) Westpac 11AM	0.00%	7.15%	\$ -		0.00%	20%
AAA WA Treasury Corporation 11AM	7.02%	7.05%	\$ 5,907,000		6.49%	20%
Total Investment Portfolio	7.21%	7.46%	\$ 91,014,314		100.00%	
Municipal Funds			55,767,396			
Reserve Funds			35,246,918			
			91,014,314			

City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
JUL	312,104	312,104	339,235	339,235	7.25%	7.51%
AUG	330,064	642,168	378,027	717,262	7.25%	7.67%
SEP	391,233	1,033,401	530,024	1,247,286	7.18%	7.46%





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2008

1 Interest Earnings

The total of interest earned in respect of investment income exceeded the budget by \$213k due to a combination of higher Rates collections; extra funds invested owing to lower Capital Expenditure than anticipated in the budget and average interest rate earnings of 7.46% compared to the benchmark of 7.18% for the period.

2 Employee Costs

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

a) Corporate Services Directorate	\$448k
b) Planning & Community Development Directorate	\$404k
c) Other Directorates – Not Material	\$(19)K
	<u>\$833k</u>

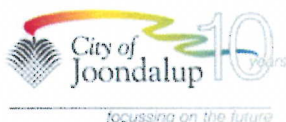
The favourable variance in Employee Costs was generally due to delays in projects and in filling budgeted positions:

- a) Corporate Services vacancies occurred principally in Information Management \$267k; Rangers, Parking and Community Safety \$77k and Human Resources \$89k. Information Management includes \$227k technical support for interfacing the new Document Management System with other applications. Expenditure on this item was delayed due to project timeframes and a large proportion of this expenditure is to be capitalised upon completion of the project.
- b) Planning and Community Development experienced vacancies in Approvals Planning & Environmental Services resulting in savings of \$182k. These occurred primarily in Environmental Health Services \$76k, Building Services \$64k and Planning Approvals \$30k. Also Leisure and Cultural Services Centres were \$182k below budget. Community Development and Libraries were \$34k and Office of the Director \$6k under the budget.

3 Materials and Contracts

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

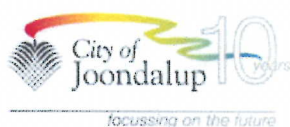
a) Waste Management Services – Charges from Other Councils	\$717k
b) Accommodation, Building and General Maintenance	\$272k
c) Plant, Furniture & Equipment	\$387k
d) Administration Expenses	\$102k
e) Telephones and Communications	\$84k
f) Public Relations and Advertising	\$81k
g) Contribution & Donations	\$76k
h) Other variances – not material	\$(46)k
	<u>\$1,673k</u>



- a) This variance relates to refuse collection charges from the City of Wanneroo outstanding at the close of the reporting period. An estimate of the charges for Wanneroo was \$708k, which was not accrued for in September quarter due to outstanding paperwork from Wanneroo. The accruals were caught up in October with costs aligning to budget.
- b) General Maintenance was below budget in Infrastructure Management Administration \$46k; in Natural Areas and Parks \$85k and Roads and Footpaths \$139k. The Maintenance expenditure variance depends on work being carried out on a planned basis and as needs arise. The remaining variances include amounts which were not material totalling \$2k.
- c) Plant, Furniture and Equipment, the variance is due to \$128k budgeted for the purchase of domestic refuse and recycling bins, for which an order is yet to be placed. In addition there was an amount budgeted of \$122k for the replacement of Community Furniture which owing to the extended delivery time is now most likely to occur in January. Other variances are caused by delays of equipment purchases and include Parking Services \$49k, Craigie Leisure Centre \$40k, Libraries \$19k and \$29k made up of various smaller variances across the organisation.
- d) Administration Expenses variance to the budget includes under expenditure of \$129k for Printing & Photocopying spread across the directorates. Corporate Memberships was \$(5)k over the budget mainly due to timing of budget phasing and Stationary \$(24)k over budget, where \$(10)k relates to Parking Services due to start up costs.
- e) Telephones and Communications include Postage and Couriers which was \$75k under the budget, with \$35k occurring in Marketing, \$10k Infrastructure Services, Leisure and Culture \$10k, Rangers, Parking and Community Safety \$10k and the balance \$10k across other business units. Telephone costs made up the remaining variance of \$9k comprised of Office Telephones \$(18)k, due to billing of fixed charges at the beginning of the payment cycle, Mobile Phones \$18k and After Hours Emergency facilities \$6k below the budget.
- f) Public Relations budget was underspent in Catering \$26k, Signage and Decals \$38k; Promotions and Public Relations \$39k, partly offset by Advertising \$(22)k, primarily due to timing of budget phasing.
- g) Contributions and Donations variance is primarily the Contribution to FESA of \$70k for servicing the City's buildings. Other variances were Sponsorships \$44k; Prizes and Trophies \$33k and Donations \$18k, partly offset by other Contributions \$(90)k.
- h) These variances are made up of minor items spread across various accounts and Business Units.

4 Utilities

Electricity charges for Street Lighting of \$123k were under accrued for the month of September. The remaining variances of \$14k relate to other power and water charges and were not material.



5 Insurance

Insurance premiums were generally below budget, principally \$37k in relation to the Municipal Property Scheme and Industrial Special Risks. Also discounts were received for Public Liability \$16k and Other General Insurances \$19k. Insurance Excesses not used of \$14k are only incurred when claims arise.

6 Other Expenses

This variance is due to a prior year adjustment to the opening balance of the Refuse Debtors to correct the 2006/07 financial statements.

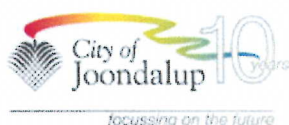
7 Non-operating Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Federal Local Roads Grant	\$412k	\$449k	\$37k
b) CCTV – Joondalup CBD City Watch	\$60k	-	\$(60)k
c) State Government Metro Roads	\$934k	\$1,797k	\$863k
	<u>\$1,406k</u>	<u>\$2,246k</u>	<u>\$840k</u>

- a) The first quarterly payment of the Federal Local Roads Grant was \$37k more than expected in the budget.
- b) The CCTV – Joondalup CBD City Watch grant received was incorrectly posted as an Operating grant and was to be re-classified as Non-operating.
- c) In Metro Roads Grants a \$1,500k payment for the Connelly Drive - Burns Beach Road to McNaughton project received in September was phased in the budget to be received only in December. Other variances are mainly due to timing differences in the claims to be raised. The Road Preservation Programme was \$(348)k behind the budget phasing and Blackspot and Major Roads funding had \$(290)k outstanding compared with budget. Claims are dependant on stages of completion and scheduling of work.

8 Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Works Operation Centre	\$110k	\$818k	\$(708)k
b) Ocean Reef Marina Development	\$168k	-	\$168k
c) Aquatic Facilities Upgrade - CLC	\$151k	\$88k	\$63k
d) Information Technology Projects	\$247k	\$45k	\$202k
e) Implementation of Fee Paid Parking	\$834k	\$795k	\$39k
Other variances – not material	\$22k	\$34k	\$(12)k
	<u>\$1532k</u>	<u>\$1780k</u>	<u>\$(248)k</u>

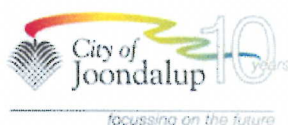


- a) The Works Operation Centre expenditure exceeded the amount phased in the budget with certain operating expenditure being incorrectly posted to the project. Reconciliation was required to adjust the project expenditure to date, which is expected to be within budget.
- b) Ocean Reef Marina Development has committed expenditure of approximately \$670k for environmental, planning and design work which will be incurred in the next six months.
- c) The Aquatic Facilities Upgrade at Craigie Leisure Centre is in the design and consulting stage and expenditure is behind the budget phasing.
- d) Information Technology Projects include the next phase of the Library Management System; Network Infrastructure upgrade; Redevelopment of the City's Website and Content and Data Centre Upgrade, which are being impacted by staff availability, lead times and other delays.
- e) Implementation of Fee Paid Parking has been progressed in accordance with the budget programme.

9 Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$815k	\$382k	\$433k
b) Road Preservation / Resurfacing	\$419k	\$60K	\$359k
c) Parks /Reserves Enhancement	\$107k	\$336k	\$(229)k
d) Blackspot Projects	\$30k	\$93k	\$(63)k
Other variances – not material	\$351k	\$77k	\$274k
	<u>\$1722k</u>	<u>\$948k</u>	<u>\$774k</u>

- a) Most expenditure under Major Road Construction was incurred on the Burns Beach Road East and West projects which were \$105k below budget. Also Woodlake Retreat Extension Wanneroo - Kingsway Roads was \$197k behind the budget. Generally the work has been slower than predicted in the budget. Various other projects were yet to achieve budget amounting to \$131k in total.
- b) Road Preservation / Resurfacing and Asphalt Overlay programme was behind budget with the bulk of the work subject to planned work schedules and spread across minor roads. The budget phasing is expected to be re-aligned in the Mid-year Budget Review.
- c) Re-vegetation work of sumps was \$(96)k over budget after being given priority since the phasing in the adopted budget. Other work not phased in the period included Penistone Reserve \$(75)k and Sorrento Beach natural areas \$(65)k, while work in various other areas was re-scheduled giving a minor variance of \$7k to budget.



- d) Blackspot work was completed on Marmion Avenue – Cygnet Left Slip Lane primarily giving rise to the \$(56)k variance over the budget. Minor works \$(7)k also undertaken were not phased in the budget period.

10 Motor Vehicle Replacement

Planned plant replacements of heavy vehicles are behind budget causing timing variances of purchases compared to budget phasing. Two water trucks for \$170k each; a Cantor Truck \$100k and a Heavy Tip Truck for \$213k are awaiting final specifications to be confirmed before being ordered. A range of smaller plant budgeted to be replaced in the quarter are subject to processing quotations and delivery times and account for the remaining variances.

11 Closing Funds

	Actual
Current Assets	
Cash Assets	\$90,801k
Rates and Sundry Debtors	\$26,974k
GST Receivable	\$511k
Accrued Income	\$717k
Advances and Prepayments	\$583k
	\$119,586k
Less: Current Liabilities	
Creditors	\$(10,738)k
Provisions	\$(5,762)k
Accrued Expenses	\$(3,539)k
Income in Advance	\$(1,135)k
GST Payable	\$(47)k
Other- Clearing	\$(115)k
	\$(21,336)k
Less: Restricted Assets	
Reserves	\$(35,247)k
Movement in Long Term Provisions	\$(0)k
Closing Funds	\$63,003k