



*Financial Activity Statement for
the Period Ended
30 April 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 30th April 2008

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance	YTD Variance %
OPERATING REVENUE		\$	\$	\$	\$	%
Rates		(56,409,271)	(56,334,149)	(56,586,840)	252,691	(0)
Rates Specified Area		(144,374)	(144,374)	(144,992)	618	(0)
Government Grants and Subsidies	1	(3,771,231)	(3,035,492)	(2,663,250)	(372,242)	12
Contributions, Reimbursements & Donations	2	(720,062)	(677,012)	(778,370)	101,358	(15)
Profit on Disposal		(797,244)	(163,001)	(164,729)	1,728	(1)
Fees & Charges		(20,994,942)	(19,691,135)	(19,755,959)	64,824	(0)
Interest Earnings		(3,650,346)	(3,015,785)	(3,123,188)	107,403	(4)
Other Revenue		(88,996)	(77,996)	(75,103)	(2,893)	4
Total Operating Revenue		(86,576,466)	(83,138,944)	(83,292,430)	153,486	(0)
OPERATING EXPENSES						
Employee Costs		35,445,684	29,448,839	29,297,819	151,020	1
Materials & Contracts	3	32,475,483	26,507,675	23,829,882	2,677,793	10
Utilities	4	3,440,499	2,811,612	2,638,995	172,617	6
Depreciation on Assets	5	16,684,526	13,909,424	12,554,405	1,355,019	10
Loss on Disposal	6	273,843	231,727	111,390	120,337	52
Insurance Expenses		1,052,346	1,037,917	1,000,337	37,580	4
Interest Expenses		240,308	157,535	170,901	(13,366)	(8)
Other Expenses		66,279	66,279	66,279	0	0
Total Operating Expenditure		89,678,968	74,171,008	69,670,007	4,501,001	6
(SURPLUS)/DEFICIT FROM OPERATIONS		3,102,502	(8,967,936)	(13,622,423)	4,654,487	(52)
CAPITAL REVENUE						
Capital Grants	7	(7,654,002)	(6,428,367)	(3,668,584)	(2,759,783)	43
Contributions & Reimbursements	7	(30,000)	(30,000)	0	(30,000)	100
Acquired Infrastructure Assets		(5,189,999)	0	0	0	0
Total Capital Revenue		(12,874,001)	(6,458,367)	(3,668,584)	(2,789,783)	43
CAPITAL EXPENDITURE						
Capital Budget - Capital Projects	8	12,928,309	9,336,899	5,334,665	4,002,234	43
Capital Budget - Capital Works	9	18,655,979	8,054,645	5,241,272	2,813,373	35
Motor Vehicle Replacement	10	2,490,500	1,655,500	1,281,869	373,631	23
Loan Repayment (Principal)		328,483	263,012	263,012	0	0
Equity Investment		0	0	0	0	0
Total Capital Expenditure		34,403,271	19,310,056	12,120,818	7,189,238	37
CAPITAL (SURPLUS)/DEFICIT		21,529,270	12,851,689	8,452,234	4,399,455	34
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE		24,631,772	3,883,753	(5,170,189)	9,053,942	233
ADJUSTMENTS FOR NON-CASH MOVEMENTS						
Depreciation on Assets	5	(16,684,526)	(13,909,424)	(12,554,405)	(1,355,019)	10
Loss on Disposal	6	(273,843)	(231,727)	(111,390)	(120,337)	52
Profit on Disposal		797,242	163,001	164,729	(1,728)	(1)
FUNDING						
Proceeds from Disposal		(1,310,441)	(497,441)	(542,678)	45,237	(9)
Loan Funds	11	(1,200,000)	(1,200,000)	0	(1,200,000)	100
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	12	(32,128)	(17,772,205)	(26,141,170)	8,368,965	(47)

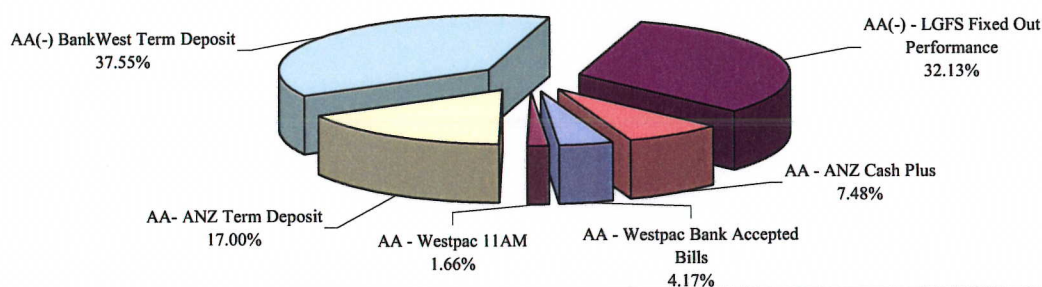


Investment Summary

CITY OF JOONDALUP
April-08

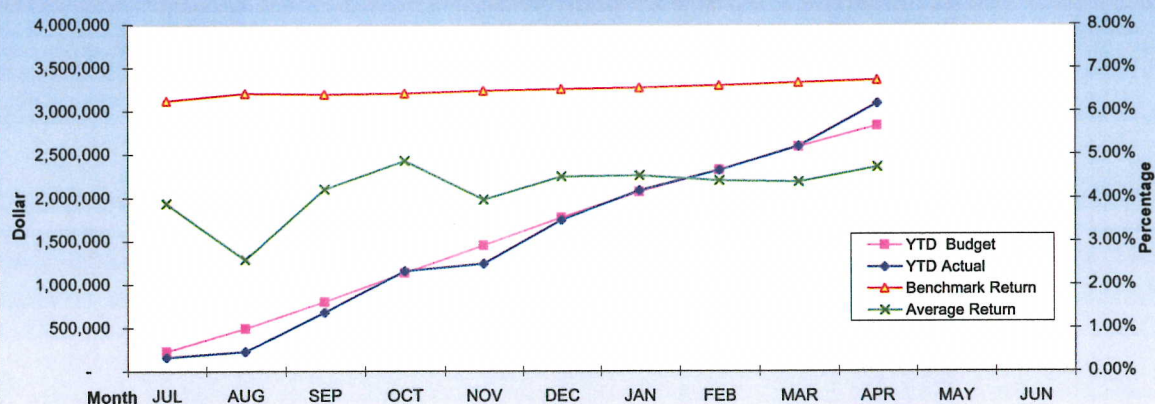
Investment Account	MTD Return	YTD Return	Value	\$	% of Portfolio	Policy Limit
AA - Westpac Bank Accepted Bills	7.70%	6.96%	2,944,102		4.17%	20%
AA - Westpac 11AM	7.15%	6.55%	1,174,366		1.66%	20%
AA- ANZ Term Deposit	7.80%	7.34%	12,000,000		17.00%	20%
AA(-) BankWest Term Deposit	7.69%	7.69%	26,500,000		37.55%	20%
AA(-) - LGFS Fixed Out Performance	8.41%	7.76%	22,673,421		32.13%	20%
AA - ANZ Cash Plus	9.55%	3.49%	5,280,341		7.48%	20%
AA - Perennial Cash Enhanced Fund	0.00%	2.82%	-		0.00%	20%
A - Perpetual Credit Enhanced Cash Fund	0.00%	3.02%	-		0.00%	20%
A - Aberdeen Cash Plus Fund	0.00%	0.94%	-		0.00%	20%
A- Black Rock Diversified Credit Fund	0.00%	-2.75%	-		0.00%	20%
Total Investment Portfolio	8.05%	4.72%	70,572,231		100.00%	
Municipal Funds			49,196,847			
Reserve Funds			21,375,384			
			70,572,231			

City of Joondalup - Investment Balances



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	6.42%	2.59%
SEP	309,808	808,248	450,844	682,970	6.40%	4.21%
OCT	332,657	1,140,905	478,031	1,161,002	6.42%	4.87%
NOV	318,322	1,459,227	85,004	1,246,006	6.48%	3.98%
DEC	315,187	1,774,414	503,789	1,749,795	6.52%	4.51%
JAN	298,317	2,072,731	339,281	2,089,076	6.55%	4.53%
FEB	254,128	2,326,859	236,164	2,325,240	6.60%	4.41%
MAR	266,884	2,593,743	277,587	2,602,826	6.67%	4.38%
APR	240,801	2,834,544	489,861	3,092,687	6.73%	4.72%

Return on Investments



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

1 Government Grants and Subsidies

This variance relates to the following:

a) Dept for Community Development (State)	\$20k
b) Lotteries Commission	\$(27)k
c) Healthways	\$(27)k
d) Other Government Grants & Subsidies	\$(341)k
e) Various	\$3k
	<u>\$(372)k</u>

a) This variance is due to the Financial Counselling funding being received earlier than budget.

b) The \$27k grant from the Lotteries Commission for the Joondalup Festival will be received this financial year.

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

d) Various other Grants are \$(341)k below the revised budget. These include \$(200)k for the Community Water Grant and \$(53)k for the Eco Business Grant budgeted this financial year. Payment of these grants depends on meeting specific targets under their respective conditions of which only \$168k of the Community Water Grant is to be received by June. The remaining balances will be carried forward to next year.

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.

e) Other variances are not material.

2 Contributions, Reimbursements & Donations

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

a) Reinstatement of Works	\$22k
b) Miscellaneous Reimbursements	\$41k
c) Legal Fees	\$13k
d) Contributions Income	\$13k
e) Various minor variances	\$12k
	<u>\$101k</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 \$20k in the revised budget. The actual period to date figure, however, of \$42k is only 48% 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 \$16k above budget for reimbursements for mowing services at various schools.

c) Legal Fees levied on outstanding Property Rates are \$5k above budget. Legal Fees recovered on Building Management are \$7k above budget mainly due to the recovery of fees for proposed leases with the City.

d) An unbudgeted amount of \$5k was received from the City Of Wanneroo as a contribution to the Eco-Business project. A further amount of \$8k was received as an unbudgeted contribution to the construction of a shared path at Woodlake Retreat, Kingsley.

e) Other variances are not material.

3 Materials and Contracts

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

a) Administration	\$326k
b) Finance Related Costs	\$145k
c) Public Relations & Corporate Expenditure	\$168k
d) Professional Fees & Costs	\$140k
e) Consultancy & Contractors	\$102k
f) Contributions and Donations	\$176k
g) Equipment	\$402k
h) Materials	\$272k
i) Service Charges From Other Councils	\$739k
j) Travel, Vehicles & Plant	\$92k
k) Land & Buildings Expenditure	\$42k
l) Members Costs	\$35k
m) Other - various	\$39k
	<u>\$2,678k</u>

Year to date variances are attributable to the following:

- a) The favorable Administration variance includes an actual saving in Election Costs of \$153k compared to the budget.

In addition there is a variance in Printing Costs of \$124k which is partly due to the timing of various payments. These include the Joondalup Festival & Leisure Guides of \$49k which should be processed in May and \$25k which will contribute to the printing of the 10 year publications and revised stationery. Print Cost savings of \$11k have been achieved due to the delay in the review of the Planning Scheme these costs are now forecast for the next financial year. Other printing savings have been achieved by increased use of in-house facilities.

The remaining balance resulted from other minor variances and timing differences in Administration costs including postage and photocopying.

- b) The Finance Related Costs variance is comprised mainly of \$86k for the City's contribution to the loan repayment of Mindarie Regional Council loan used to purchase the Refuse Recycling Facility land that is still to be paid, plus bank and credit card charges being \$41k below budget. The contribution to the loan repayment will be paid in May.

- c) Expenditure is under budget primarily due to underspends in Promotions of \$69k. This includes \$18k to re-brand City Watch, \$6k for Safer Communities whose programs are now under review and \$17k to promote Paid Parking, now delayed due to the timing of the parking implementation. Strategic Development Promotional expenditure is \$28k below budget due to new grants, including Goollelal Stormwater Upgrades and Eco-Business, being carried forward to the next financial year.

Catering is \$38k below budget partly due to the City not hosting a 2008 Australia Day Citizenship Ceremony, forecast savings for the year are \$15k.

Civic Functions expenditure is \$57k below budget, these funds have been reallocated to 10 year promotional material and will be expended this financial year.

- d) Professional Fees are below budget by \$114k on Legal Expenses partly due to a decline in the advice required for the sump spraying / Turfmaster issue due to some activities being brought in-house. Expenditure is likely to be below budget for the year, however it is expected that further external legal advice will be required in regard to this issue next financial year.

Licence Fee expenditure is \$14k lower than budget for the Leisure Centres due to a combination of timing of payments and lower volume of fees than expected.

Auction Fees are \$11k below budget due to a misallocation which will be corrected in May.

e) Consultancy work was \$184k below budget of which \$153k has been approved but has yet to be invoiced.

Contract Staff costs were over budget by \$(29)k for Parks Maintenance Works and \$(15)k for the Access & Inclusion Training which was additional grant funding than budgeted.

Research costs were \$(57)k over budget due to the Feasibility Study for the Aquatic Facilities Upgrade at the Craigie Leisure Centre and \$19k under budget for Strategic Development which will be spent later than budgeted.

f) The Contributions and Donations variance is primarily due to Sponsorship expenditure being \$111k below budget. This variance is mainly due to timing differences including \$17k for the Sunset Coast Tourism Association, \$32k for the Surf Clubs pending finalisation of the agreements and \$60k for the Sports Development Program. These are all due to be expended by the end of the financial year.

Contributions to the Churches of Christ for the Warwick Leisure Centre deficit are \$36k below budget with savings forecast for the year providing income remains strong. Parks Maintenance Works contributions are \$35k below budget which includes a payment still outstanding for Carine Skate Park Facility.

g) The primary areas of Equipment under expenditure were for Minor Furniture & Office Equipment of \$167k of which \$130k relates to the Community Facilities Furniture Replacement Program and \$26k for other Leisure & Cultural Services areas which includes the outfit of the Art Storeroom all of which should be spent this financial year.

Minor Plant & Equipment Purchases were \$117k below budget of which \$79k relates to the Waste Management Program for the purchase of new bins for which an order has yet to be placed, \$21k for Operations Administration and \$15k for Building Cleaning.

Expenditure was also below budget on Equipment Hire of \$92k of which \$55k relates to Cultural Development for the Summer Concerts which has been incorrectly allocated to Production Costs and will be corrected in May and \$44k relates to the Joondalup Festival for which invoices are yet to be paid.

h) The Materials variance is below budget in a number of operating areas. In Strategic Development, purchases were \$180 below budget where the commencement of works associated with the Eco Business and Community Water Grants will not be as early as expected.

In Operations, Engineering Maintenance is \$470k below budget partly due to drainage maintenance costs where sump cleaning and re-building is dependant on weather conditions and will occur later than budgeted. Streetlight repainting is proposed for the CBD which is forecast to cost \$200k. Building Cleaning Works were \$82k below budget. Higher than budgeted costs of \$(270)k occurred in Parks Maintenance Works due to the

replacement BBQ program and increased service levels including tree works on Marmion Avenue, however overall Operations Services are below budget.

Overspends have been incurred to date of \$(120)k in Graffiti Control, which is necessarily incurred on demand for cleaning affected sites. An overspend of \$(48)k in Waste Management is offset by savings in Services Charges from Other Councils (see below).

i) The favourable variance on Service Charges from Other Councils relates to Waste Management Services. Whilst currently showing a saving, this is due to delays in invoicing by the City of Wanneroo and it is anticipated that actual charges will more closely align with budget for the financial year.

j) The variance on Travel, Vehicles & Plant is due to savings against budget on various elements of the fleet running costs.

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

4 Utilities

Electricity charges are \$131k below budget of which \$275k relates to Parks with costs running below budget. This is partially offset by other areas including the Libraries and the Civic Centre being over the revised budget however these costs align more closely with the original budget.

Other savings to date have occurred on water of \$35k and gas of \$7k.

5 Depreciation on Assets

The actual Infrastructure Depreciation arising from Property Developers Contributions capitalised at 30 June 07 was \$2,438k and well below the forecast level in the original budget.

6 Loss on Disposal

This variance is mainly due to the assets being disposed of later than budgeted due to delays in acquiring replacement assets.

7 Capital Grants and Contributions

The variances are as follows:

a) Capital Grants	\$ 2,760)k
b) Capital Contributions and Reimbursements	\$ (30)k
	<u>\$ (2,790)k</u>

- 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 has been longer than anticipated with commencement of work now underway. A variance of \$(2,726)k has resulted for the period to date. In addition \$(124)k relates to Black Spot funding still to be received, mainly offset by \$66k additional money received 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.

8 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	\$5,090k	\$3,984k	\$1,106k
b) Fee Paid Car Parking Joondalup CBD	\$1,200k	\$1,200k	\$0k	\$1,200k
c) Document Management	\$520k	\$350k	\$0k	\$350k
d) Library Management System	\$309k	\$309k	\$96k	\$213k
e) Joondalup Drive Masterplan	\$192k	\$192k	\$0k	\$192k
f) Cultural Facility	\$170k	\$170k	\$0k	\$170k
g) Corporate Email & Domain Upgrade	\$203k	\$203k	\$13k	\$190k
h) Kingsley Community Facilities	\$259k	\$129k	\$0k	\$129k
i) Woodvale / Kingsley Facility Dev	\$250k	\$125k	\$0k	\$125k
j) CCTV Joondalup CBD – City Watch	\$267k	\$162k	\$0k	\$162k
k) IT Service Management Systems	\$105k	\$105k	\$0k	\$105k
l) Various Other projects	\$3,645k	\$1,302k	\$1,242k	\$60k
	<u>\$12,928k</u>	<u>\$9,337k</u>	<u>\$5,335k</u>	<u>\$4,002k</u>

-
- a) The Joondalup Works Depot project will be substantially completed by June with the variance arising through timing differences. A small amount of work will be carried over at 30 June 08.
- b) Actual implementation of Fee Paid Car Parking in the Joondalup CBD is dependant on delivery times for the Ticket Machines. These are expected to be delivered late June with installation completed by mid 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) All key staff have been trained in the use of the new Library Management System and the computer server has been upgraded. Full testing is to commence late May with roll-out to staff upon sign off.
- e) Joondalup Drive Masterplan is undergoing seed propagation in preparation for the planting program, which will take place in June. Concrete path works are complete, brick paving is in progress, with asphalt path works programmed for May.
- f) It is forecast that the funds for the cultural facility site will be carried forward to the next financial year.
- g) The majority of the work has been completed for the Corporate Email & Domain upgrade, with most of the costs to be paid in 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. Funds for this project are now forecast to be carried forward to the next financial year.
- k) The IT Service Management System project start date has been deferred due to conflicting priorities and is now expected to commence in June. Vendors are currently being short listed and product demonstrations are being done in May.
- l) 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.

9 Capital Works

	Revised Budget	YTD Budget	Actual	Variance
a) Major Building Works	\$839k	\$620k	\$330k	\$290k
b) Road Resurfacing Program	\$4,093k	\$3,487k	\$2,442k	\$1,045k
c) Roadworks	\$7,744k	\$356k	\$269k	\$87k
d) Foreshores, Parks and Reserves	\$1,401k	\$838k	\$763k	\$75k
e) Drainage	\$415k	\$185k	\$94k	\$91k
f) Streetscape Enhancement	\$706k	\$380k	\$140k	\$240k
g) Traffic Management	\$1,121k	\$776k	\$420k	\$356k
h) Footpaths	\$1,285k	\$699k	\$118k	\$581k
i) Playground Equipment	\$305k	\$171k	\$101k	\$70k
j) Sporting Facilities	\$228k	\$130k	\$92k	\$38k
k) Engineering Works	\$295k	\$237k	\$278k	\$(41)k
l) Spend re Prior Year	\$174k	\$174k	\$174k	\$0k
m) Council Works – Car Parks CP1	\$50k	\$1k	\$20k	\$(19)k
	<u>\$18,656k</u>	<u>\$8,054k</u>	<u>\$5,241k</u>	<u>\$2,813k</u>

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 complete on the basement however some costs are yet to be processed but it is expected to be close to budget. Various Building Maintenance projects with a YTD budget of \$100k have only just commenced 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 expenditure incurred on work on suburban roads, including Kingsley Drive, Wedgwood Drive, Glenunga Way and Marmion and Whitfords Avenue's. Additionally a number of projects were completed in Duncraig, Heathridge and Greenwood. Most of the planned work is on schedule and will be on track by the end of the financial year.

c) Of the revised budget for Road Works of \$7,744k, the Burns Beach Road work, together with preliminary design work related to Connolly Drive – Burns Beach Road to McNaughton has commenced. The Woodlake Retreat extension to Wanneroo Road / Kingsway project is progressing and approximately \$439k is to occur by June.

A review of the remaining works gave rise to approximately \$959k to be carried forward in the new budget and identified surpluses of \$396k.

d) - e) Work is progressing well on coastal foreshore maintenance, reticulation renewal program and works to various parks and reserves. The majority of the Drainage projects are complete with work continuing on the Yellagonga outfall upgrades. The projects will complete this financial year and are expected to more closely align to budget.

f) 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.

g) Traffic Management projects are behind budget due to delays in gaining Main Roads approvals, however they are forecast to be caught up by the end of the financial year.

h) – n) The variances on other Capital Works are mainly due to the timing of the commencement of the projects compared to budget phasing.

10 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 \$140k for a tractor for the Depot.

11 Loan Funds

Due to the delays in the implementation of Fee Paid Car Parking this loan is no longer required this financial year, however it is forecast that a reduced loan will be required next year.

12 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$70,503k
Rates and Sundry Debtors	\$1,762k
GST Receivable	\$497k
Accrued Income	\$631k
Advances and Prepayments	\$164k
	\$73,557k
<u>Less: Current Liabilities</u>	
Creditors	(\$4,266k)
Provisions	(\$5,927k)
Accrued Expenses	(\$5,656k)
Income in Advance	(\$0k)
GST Payable	(\$100k)
Other- Clearing	(\$133k)
	(\$16,082k)
<u>Less: Restricted Assets</u>	
Reserves	(\$31,367k)
Movement in Long Term Provisions	\$33k
Closing Funds	\$26,141k