



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

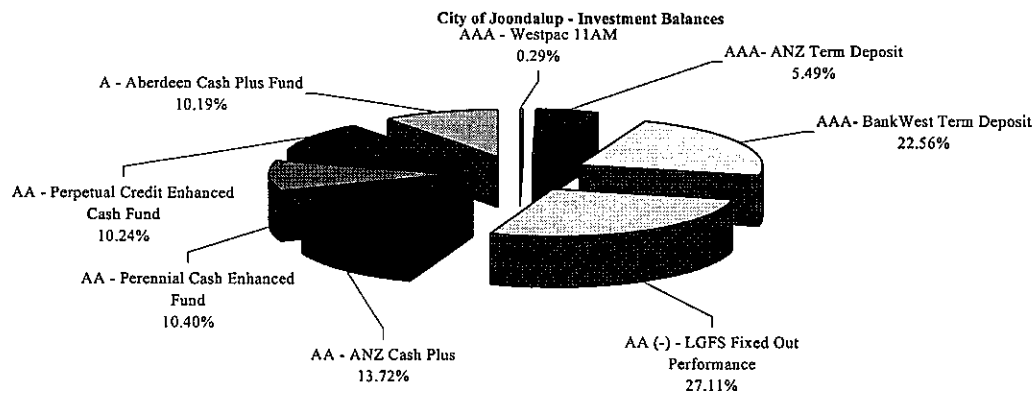
| | Notes | Adopted Budget | YTD Budget | YTD Actual | YTD Variance | YTD Variance % |
|--|-------|---------------------|---------------------|---------------------|------------------|-------------------|
| | | \$ | \$ | \$ | \$ | % |
| OPERATING REVENUE | | | | | | |
| Rates | | (56,310,787) | (56,199,287) | (56,288,596) | 89,309 | (0) |
| Rates Specified Area | | (141,353) | (141,353) | (144,430) | 3,077 | (2) |
| Government Grants and Subsidies | | (3,364,026) | (1,821,335) | (1,842,756) | 21,421 | (1) |
| Contributions, Reimbursements & Donations | 1 | (668,646) | (424,031) | (605,357) | 181,326 | (43) |
| Profit on Disposal | 2 | (797,244) | (712,430) | (152,392) | (560,038) | 79 |
| Fees & Charges | | (20,925,240) | (17,248,708) | (17,367,170) | 118,462 | (1) |
| Interest Earnings | | (3,258,557) | (2,072,461) | (2,116,592) | 44,131 | (2) |
| Other Revenue | | (115,000) | (61,250) | (52,239) | (9,011) | 15 |
| Total Operating Revenue | | (85,580,853) | (78,680,855) | (78,569,531) | (111,324) | 0 |
| OPERATING EXPENSES | | | | | | |
| Employee Costs | | 35,622,498 | 20,756,227 | 20,302,105 | 454,122 | 2 |
| Materials & Contracts | 3 | 30,516,132 | 18,094,417 | 15,988,028 | 2,106,389 | 12 |
| Utilities | | 3,409,028 | 1,992,313 | 1,945,653 | 46,660 | 2 |
| Depreciation on Assets | | 16,310,047 | 9,579,391 | 9,759,834 | (180,443) | (2) |
| Loss on Disposal | | 254,756 | 91,495 | 48,433 | 43,062 | 47 |
| Insurance Expenses | | 1,049,495 | 1,012,192 | 989,110 | 23,082 | 2 |
| Interest Expenses | | 297,910 | 151,768 | 112,619 | 39,149 | 26 |
| Other Expenses | | 66,000 | 66,000 | 66,279 | (279) | (0) |
| Total Operating Expenditure | | 87,525,866 | 51,743,803 | 49,212,060 | 2,531,743 | 5 |
| | | | | | 0 | 0 |
| (SURPLUS)/DEFICIT FROM OPERATIONS | | 1,945,013 | (26,937,052) | (29,357,471) | 2,420,419 | (9) |
| CAPITAL REVENUE | | | | | | |
| Capital Grants | 4 | (11,604,574) | (3,026,072) | (3,178,059) | 151,987 | (5) |
| Contributions & Reimbursements | 5 | (143,158) | (143,158) | 0 | (143,158) | 100 |
| Acquired Infrastructure Assets | | (5,190,000) | 0 | 0 | 0 | 0 |
| Total Capital Revenue | | (16,937,732) | (3,169,230) | (3,178,059) | 8,829 | (0) |
| CAPITAL EXPENDITURE | | | | | | |
| Capital Budget - Capital Projects | 6 | 15,252,775 | 6,378,792 | 3,092,056 | 3,286,736 | 52 |
| Capital Budget - Capital Works | 7 | 23,876,959 | 3,813,373 | 2,868,015 | 945,358 | 25 |
| Motor Vehicle Replacement | 8 | 2,490,500 | 1,171,000 | 714,858 | 456,142 | 39 |
| Loan Repayment (Principal) | 9 | 606,879 | 286,430 | 180,036 | 106,394 | 37 |
| Equity Investment | | 0 | 0 | 0 | 0 | 0 |
| Total Capital Expenditure | | 42,227,113 | 11,649,595 | 6,854,965 | 4,794,630 | 41 |
| CAPITAL (SURPLUS)/DEFICIT | | 25,289,381 | 8,480,365 | 3,676,906 | 4,803,459 | 57 |
| (SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE | | 27,234,394 | (18,456,687) | (25,680,565) | 7,223,878 | (39) |
| ADJUSTMENTS FOR NON-CASH MOVEMENTS | | | | | | |
| Depreciation on Assets | | (16,310,047) | (9,579,391) | (9,759,834) | 180,443 | (2) |
| Loss on Disposal | | (254,756) | (91,495) | (48,433) | (43,062) | 47 |
| Profit on Disposal | 2 | 797,242 | 712,430 | 152,392 | 560,038 | 79 |
| FUNDING | | | | | | |
| Proceeds from Disposal | 2 | (1,398,326) | (907,326) | (444,034) | (463,292) | 51 |
| Loan Funds | 10 | (4,000,000) | (4,000,000) | 0 | (4,000,000) | 100 |
| Transfer from Reserve | | (14,563,910) | 0 | 0 | 0 | 0 |
| Transfer to Reserve | | 9,247,653 | 0 | 0 | 0 | 0 |
| Transfer to Accumulated Surplus | | 5,190,000 | 0 | 0 | 0 | 0 |
| Opening Funds | | (5,980,367) | (5,980,367) | (7,927,237) | 1,946,870 | (33) |
| CLOSING FUNDS | 11 | (38,117) | (38,302,836) | (43,707,711) | 5,404,875 | (14) |



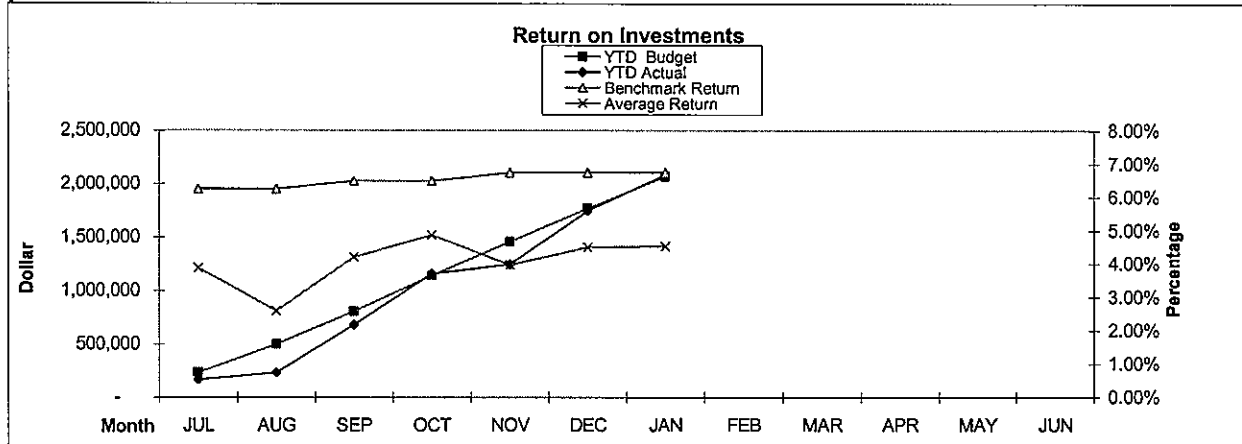
Investment Summary

CITY OF JOONDALUP
January-08

| Investment Account | MTD Return | YTD Return | Value \$ | % of Portfolio | Policy Limit |
|--|--------------|--------------|-------------------|----------------|--------------|
| AAA - Westpac Bank Accepted Bills | 6.85% | 6.81% | - | 0.00% | 50% |
| AAA - Westpac 11AM | 6.65% | 6.44% | 241,366 | 0.29% | 50% |
| AAA- ANZ Term Deposit | 7.09% | 7.02% | 4,500,000 | 5.49% | 50% |
| AAA- BankWest Term Deposit | 7.30% | 7.30% | 18,500,000 | 22.56% | 50% |
| AA (-) - LGFS Fixed Out Performance | 7.27% | 7.31% | 22,231,361 | 27.11% | 50% |
| AA - ANZ Cash Plus | 2.08% | 4.24% | 11,251,026 | 13.72% | 50% |
| AA - Perennial Cash Enhanced Fund | 2.65% | 4.02% | 8,529,595 | 10.40% | 50% |
| AA - Perpetual Credit Enhanced Cash Fund | 3.33% | 3.55% | 8,393,550 | 10.24% | 50% |
| A - Aberdeen Cash Plus Fund | -2.31% | 2.75% | 8,356,379 | 10.19% | 40% |
| A- Black Rock Diversified Credit Fund | 0.00% | -2.75% | - | 0.00% | 40% |
| Total Investment Portfolio | 4.09% | 4.53% | 82,003,277 | 100.00% | |
| Municipal Funds | | | 60,627,893 | | |
| Reserve Funds | | | 21,375,384 | | |
| | | | 82,003,277 | | |



| 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 | 6.25% | 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 | 6.75% | 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% |



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

1 Contributions, Reimbursements & Donations

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

| | |
|---------------------------------|---------------|
| a) Legal Fees | \$62k |
| b) Rates | \$47k |
| c) Utility Charges | \$40k |
| d) Discounts Received | \$(23)k |
| e) Reinstatement of Works | \$(18)k |
| f) Miscellaneous Reimbursements | \$73k |
| | <u>\$181k</u> |

a) The year to date variance on Legal Fee Reimbursements is mainly due to \$61k invoiced to the Mullaloo Progress Association and claiming the recovery of Supreme Court Costs, plus other minor variances.

b) The year to date variance on Rates Reimbursements of \$47k relates to the recharging of prior years rates from Wanneroo Council for Tamala Park to Mindarie Regional Council. (Please see Note 3a below)

c) The Utility Charges variance is over budget mainly due to \$27k invoiced to Silver Chain Nursing Association for the previous year and the remainder being charges to various community centres over budget.

d) Early payment discount is below budget as the volume of business with a major service provider who offers the discount is significantly reduced.

e) Reinstatement of Works revenue is below that budgeted with less work being done for external stakeholders due to present levels of planned maintenance work.

f) Two unbudgeted amounts were received from the LGIS Liability, Workcare and Property Self Insurance schemes. An amount of \$57k was received as a bonus dividend payment based on claims experience of member Councils. A further \$57k was received in respect of the close out adjustment for the 2001/02 Workers Compensation claim year. Generally other reimbursements are behind budget for the year.

2 Profit on Disposal

The year to date variance is due mainly to the budgeted profit of (\$510k) for the sale of land at Edingburgh Avenue, Kinross that has been delayed due to ongoing contract negotiations, this is anticipated to complete later in the financial year. Profit on the disposal of other assets is \$(112)k behind budget due to the delay in assets being

replaced but is forecast to be on budget for the financial year. This has been partially offset by unbudgeted profit of \$62k for a Mitsubishi Grader that was sold as no longer required.

3 Materials and Contracts

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

| | |
|---|----------------|
| a) Accommodation & Property | \$(93)k |
| b) Administration | \$453k |
| c) Finance Related Costs | \$62k |
| d) Public Relations & Corporate Expenditure | \$66k |
| e) Consultancy & Contractors | \$368k |
| f) Computing | \$104k |
| g) Contributions and Donations | \$(198)k |
| h) Equipment | \$175k |
| i) Materials | \$687k |
| j) Travel, Vehicles & Plant | \$74k |
| k) Land & Buildings Expenditure | \$144k |
| l) Service Charges From Other Councils | \$466k |
| m) Capital Recovery | \$(213)k |
| n) Other | \$11k |
| | <u>\$2106k</u> |

Year to date variances are attributable to the following:

a) Accommodation and Property includes Rates paid to the City of Wanneroo for Tamala Park \$(85)k, which arose since the budget was adopted, of which \$47k is recoverable from Mindarie Regional Council as reported above.

b) The favourable Administration variance is due to Election Costs of \$271k which will be paid in February and reduced Printing Costs of \$169k. The savings in printing Costs are achieved by more use of in house facilities for Leisure Centres, lower than budgeted costs in programmes such as Youth Diary and timing differences compared to budget. The remaining balance resulted from other minor variances in Administration costs.

c) The Finance Related Costs variance relates mainly to \$62k on Credit Card Charges as actual expense has come below budget due to customers using different methods of payments than estimated in the budget.

d) Public Relations & Corporate expenditure is under budget primarily due to Catering Costs, including the Christmas party which is yet to be charged.

e) Consultancy and Contractors costs were \$368k below budget which includes \$70k for the Land Scaping Master Plan not yet incurred. To date Consultancy expenditure totals \$391k which includes fees for Building Condition Audits, Desktop

review of Landscape Planning and Management and various charges for the Infrastructure Directorate & Management units. Generally Consultancy work is dependant on the timing of the approval of projects, with a number still to commence.

f) The Computing expenditure variance is mainly due to timing differences occurring in the payment of annual software licences and maintenance agreements. A variance of \$(149)k on maintenance agreements is more than offset by the delay in payment of \$235k for software licences, which is expected to be paid in March. Overall the annual actual expenditure will not be materially different to budget.

g) The Contributions and Donations variance is primarily due to the initial payment for the Arena Community Sport Funding of \$(284)k. This was included in the previous year's budget but was not spent nor budgeted for in the current financial year. Sponsorship and Community Funding Program expenditure were \$82k below budget but this money is forecast to be expended later in the year than budgeted.

h) The primary areas under budget were for Minor Plant & Equipment Purchases of \$60k for the Waste Management Program, \$33k for Operations Administration and \$30k for new equipment for Elected Members. Also equipment maintenance and repairs were \$43k below budget spread across various accounts.

i) The Materials variance is mainly below budget in all operating areas. Building work for various Council and Community buildings is \$153k below budget due to the timing of the budget phasing. Overall expenditure on External Contract Services & Materials Purchases is \$523k under the budget spread across most locations. Overspends have been incurred to date of \$(159)k in Graffiti Control and \$(419k) in Waste Management which is offset by savings in Services Charges from Other Councils. (see I below)

j) The \$94k variance on Vehicles and Plant is mainly due to Repairs and Fuel costs being below budget and is partially offset by Vehicle Licensing \$(26)k which is increased in the Budget revision.

k) This variance is mainly due to the budgeted work of \$150k for reinstatement costs of the car park retaining wall at Ocean Reef Boat Harbour offset by minor variances of \$(6)k. Reinstatement work is now forecast to be \$50k expended this financial year.

l) The favourable variance on Service Charges from Other Councils results from lower volumes owing due to alternative recycling facilities being utilised.

m) The Capital Recovery variance is dependant on the progress of Operational and Capital work which is below the YTD budget.

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

4 Capital Grants Revenue

The Capital Grants revenue variance relates mainly to claims made for work completed under the Roads to Recovery Program and an advance of 40% from a Main Roads Department Grant for the extension from the Freeway to Burns Beach Road.

5 Contributions & Reimbursements

The details of the variance are as follows: -

| | |
|---------------------------------|---------------|
| a) Sorrento Surf Club | \$67k |
| b) Kingsley Reserve Floodlights | \$26k |
| c) Schools Various | \$50k |
| | <u>\$143k</u> |

Contributions are not going to be received as budgeted for the Sorrento Surf Club and the Kingsley Reserve Floodlights as the projects are to be undertaken by the Clubs themselves. Some revenue is still expected for the Bus embayment at Greenwood Senior High School, however overall is likely to be below budget.

6 Capital Projects

The underspend is due primarily to the following projects: -

| | Annual Budget | YTD Budget | Actual | Variance |
|---------------------------------------|------------------|----------------|----------------|----------------|
| a) Joondalup Works Depot | \$6200k | \$3020k | \$2239k | \$781k |
| b) Parking Lot 6 Lawley Court | \$0k | \$0k | \$192k | \$(192)k |
| c) Joondalup Drive Masterplan | \$192k | \$174k | \$0k | \$174k |
| d) Ocean Reef Development | \$1200k | \$600k | \$0k | \$600k |
| e) Fee Paid Car Parking Joondalup CBD | \$1200k | \$1145k | \$0k | \$1145k |
| f) Website Content Management System | \$50k | \$50k | \$0k | \$50k |
| g) Document Management | \$320k | \$170k | \$0k | \$170k |
| h) IT Service Management Systems | \$105k | \$105k | \$0k | \$105k |
| i) Library Management System | \$309k | \$181k | \$0k | \$181k |
| j) Corporate Email & Domain Upgrade | \$203k | \$140k | \$13k | \$127k |
| k) Kingsley Community Facilities | \$259k | \$52k | \$0k | \$50k |
| l) Woodvale / Kingsley Facility Dev | \$250k | \$50k | \$0k | \$50k |
| m) Other | \$4965k | \$692k | \$648k | \$46k |
| | <u>\$15253k</u> | <u>\$6379k</u> | <u>\$3092k</u> | <u>\$3287k</u> |

a) The Works Depot variance is due to costs being incurred later than budget and includes savings of \$188k due to an unbudgeted contribution to be received from the Water Corporation.

b) Actual expenditure on Parking Lot 6 Lawley Court relates mainly to Works Infrastructure invoices received in July 07, these relate to the prior year expenditure that was not accrued for.

c) – k) These variances are due to projects being behind schedule or commencing at a later date than budgeted.

7 Capital Works

| | Annual Budget | YTD Budget | Actual | Variance |
|-----------------------------------|------------------|----------------|----------------|---------------|
| a) Major Building Works | \$1069k | \$314k | \$251k | \$63k |
| b) Council Works – Car Parks CP1 | \$850k | \$0k | \$2k | \$(2)k |
| c) Road Resurfacing Program | \$3371k | \$1456k | \$699k | \$757k |
| d) Roads to Recovery Program | \$1868k | \$495k | \$852k | \$(357)k |
| e) Foreshores, Parks and Reserves | \$1,175k | \$390k | \$462k | \$(72)k |
| f) Drainage | \$415k | \$105k | \$0k | \$105k |
| g) Streetscape Enhancement | \$921k | \$175k | \$0k | \$175k |
| h) Traffic Management | \$1359k | \$481k | \$172k | \$309k |
| i) Footpaths | \$350k | \$0k | \$(2)k | \$2k |
| j) Playground Equipment | \$305k | \$0k | \$2k | \$(2)k |
| k) Roadworks | \$10882k | \$50k | \$18k | \$32k |
| l) Sporting Facilities | \$276k | \$17k | \$0k | \$17k |
| m) Street Lighting | \$355k | \$0k | \$(1)k | \$1k |
| n) Other Capital Works | \$681k | \$330k | \$413k | \$(83)k |
| | <u>\$23877k</u> | <u>\$3813k</u> | <u>\$2868k</u> | <u>\$945k</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 progressing and is expected to be on budget. Savings against budget of \$63k YTD have been made on the Neil Hawkins Park Toilets project due to a budget having been brought forward in error, while the work was completed in 2006/07.

b) The additional Shenton Ave Car Bays project is progressing but only the design and consulting phase will occur before June 2008

c) The Road Resurfacing work includes a significant amount of work on suburban roads, including Marmion and Whitfords Avenue. 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.

d) A number of scheduled road resurfacing projects were completed under the Roads to Recovery Program, which includes work on Wanneroo Road / King Street in Woodlake Retreat. The programme is well advanced and will be within the overall budget.

- e) Work is progressing earlier than budget on coastal foreshore maintenance, the reticulation renewal program, Ocean Reef Road and various parks, with the forecast spend for the financial year expected to be on budget.
- f) Orders have been placed for materials required for the Drainage projects, which have yet to be received, the projects will be on budget and will complete this financial year.
- g) Work on the Streetscape Enhancement projects is behind budget some of which is due to them being tied to the planting season which is later in the financial year.
- h) Traffic Management projects are behind budget with many of them forecast to be on budget at the end of the financial year however some projects will be below budget. These include the Readshaw Road Traffic Management project where cost savings of \$83k were achieved following the completion of the final design and the Boas Avenue – Davidson Roundabout (Black spot) project which was not approved by Main Roads WA therefore \$20K is not required of which \$13K was to be grant funded.
- i) – n) The variances on other Capital Works are mainly due to projects commencing at a later date than budgeted.

8 Motor Vehicle Replacement

This variance is due to orders being placed later than budgeted, however expenditure on the plant replacement programme is forecast to be on budget for the year.

9 Loan Repayment (Principal)

This variance is due to new loans not being required as budgeted, see note 10 below.

10 Loan Funds

This variance relates to borrowings of \$(2500)k for the Fee Paying Parking of which only \$1650k is forecast to be required this financial year due to implementation later in the year than budgeted and \$(1500)k for the Aquatic Facilities at the Craigie Leisure Centre which is delayed until next year.

11 Closing Funds

| | Actual |
|---|------------------|
| <u>Current Assets</u> | |
| Cash Assets | \$81,469k |
| Rates and Sundry Debtors | \$8,539k |
| GST Receivable | \$388k |
| Accrued Income | \$295k |
| Advances and Prepayments | \$100k |
| | \$90,791k |
| <u>Less: Current Liabilities</u> | |
| Creditors | (\$5,744k) |
| Provisions | (\$6,088k) |
| Accrued Expenses | (\$3,798) |
| Income in Advance | (\$0k) |
| GST Payable | (\$56k) |
| Other- Clearing | (\$63k) |
| | (\$15,749k) |
| <u>Less: Restricted Assets</u> | |
| Reserves | (\$31,367k) |
| Movement in Long Term Provisions | \$33k |
| Closing Funds | \$43,708k |