

City of Joondalup

Financial Activity Statement for the
Period Ended 28 February 2009

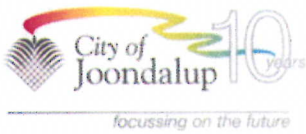
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City of Joondalup
Financial Activity Statement
for the period ended 28 February 2009

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(61,179,616)	(60,897,511)	(61,332,586)	435,075	(1)%
Grants and Subsidies		(3,460,975)	(2,614,348)	(2,578,185)	(36,163)	1%
Contributions Reimbursements and Donations		(1,276,575)	(594,989)	(558,233)	(36,756)	6%
Profit on Asset Disposals		(2,015,189)	(201,155)	(130,656)	(70,499)	35%
Fees and Charges	1	(24,729,963)	(21,270,054)	(20,332,576)	(937,478)	4%
Investment Earnings	2	(4,555,137)	(3,148,478)	(3,655,886)	507,408	(16)%
Other Revenue/Income	3	(94,800)	(63,200)	(297,582)	234,382	(371)%
Total Operating Revenue		(97,312,255)	(88,789,735)	(88,885,704)	95,969	0%
OPERATING EXPENSES						
Employee Costs		40,049,750	26,712,959	27,024,560	(311,600)	(1)%
Materials and Contracts	4	34,543,465	22,770,574	21,997,816	772,758	3%
Utilities (gas, electricity, water etc.)	5	3,319,031	2,212,967	2,060,930	152,037	7%
Depreciation of Non-Current Assets		16,524,473	11,039,872	11,264,358	(224,487)	(2)%
Loss on Asset Disposal		180,058	89,520	67,848	21,672	24%
Interest Expenses	6	303,861	202,131	117,798	84,333	42%
Insurance Expenses	7	1,210,641	1,192,234	1,066,596	125,638	11%
Other Expenses		70,000	-	-	-	100%
Total Operating Expenses		96,201,280	64,220,256	63,599,906	620,350	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		(1,110,975)	(24,569,479)	(25,285,798)	716,319	(0)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(16,524,473)	(11,039,872)	(11,264,358)	224,487	(2)%
Loss on Asset Disposal		(180,058)	(89,520)	(67,848)	(21,672)	24%
Profit on Asset Disposals		2,015,189	201,155	130,656	70,499	35%
OPERATING CASH (SURPLUS)/DEFICIT		(15,800,317)	(35,497,715)	(36,487,348)	989,633	(3)%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(9,708,843)	(4,540,377)	(6,064,600)	1,524,223	(34)%
Capital Contributions	9	-	-	(68,546)	68,546	(100)%
Acquired Infrastructure Assets		(6,085,000)	-	-	-	0%
Total Non-Operating Revenue		(15,793,843)	(4,540,377)	(6,133,146)	1,592,769	(134)%
CAPITAL EXPENDITURE						
Capital Projects	10	7,425,254	4,107,011	1,754,717	2,352,294	57%
Capital Works	11	24,218,100	12,853,523	9,728,156	3,125,368	24%
Motor Vehicle Replacements	12	4,200,139	2,928,677	1,677,959	1,250,718	43%
Loan Repayment Principal	13	651,146	388,943	259,134	129,809	33%
Equity Investments		-	-	7,178	(7,178)	100%
Total Capital Expenditure		36,494,639	20,278,154	13,427,143	6,851,011	34%
CAPITAL (SURPLUS)/DEFICIT		20,700,796	15,737,777	7,293,997	8,443,780	54%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,900,479	(19,759,938)	(29,193,351)	9,433,413	(48)%
FUNDING						
Proceeds from Disposal	12	(2,820,179)	(713,679)	(378,185)	(335,494)	47%
Loan Funds	13	(2,794,000)	(2,794,000)	-	(2,794,000)	100%
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	-
CLOSING FUNDS	14	(28,225)	(25,035,902)	(32,882,002)	7,846,100	(31)%

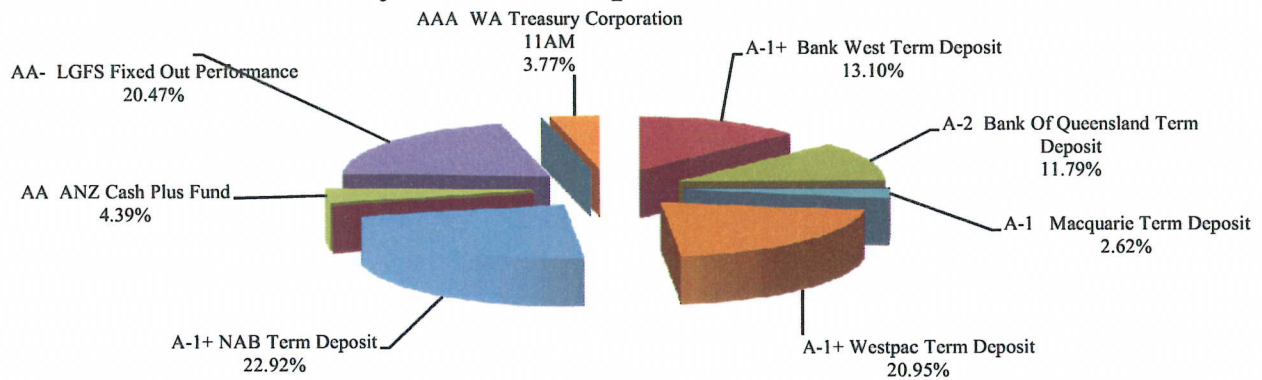


Investment Summary

CITY OF JOONDALUP
February-09

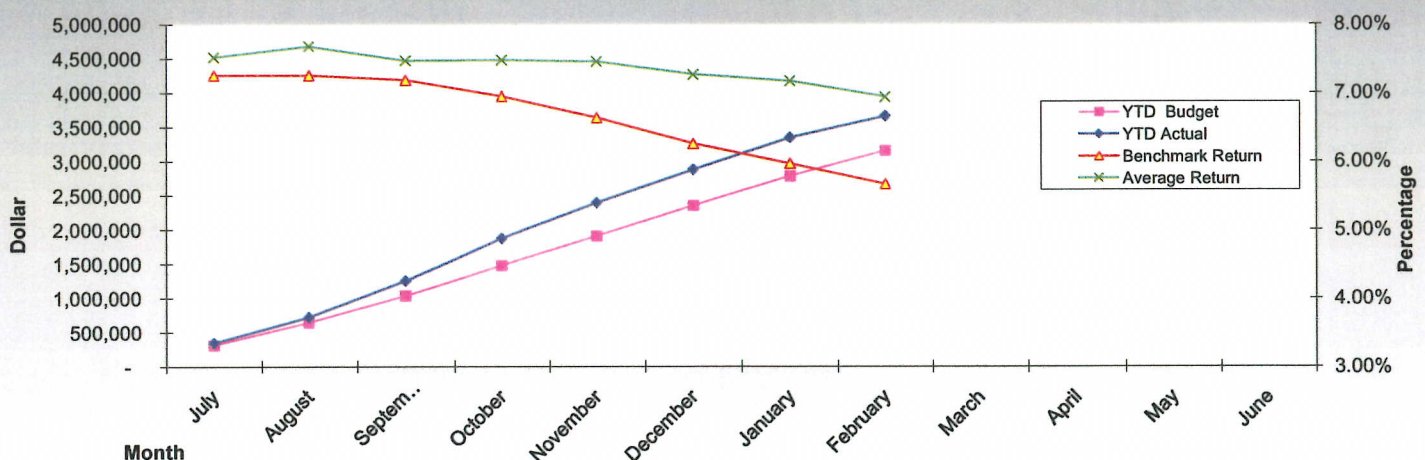
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ ANZ Term Deposit	0.00%	7.67%	\$ -	0.00%	20%
A-1+ Bank West Term Deposit	5.44%	7.52%	\$ 10,000,000	13.10%	20%
A-2 Bank Of Queensland Term Deposit	6.82%	7.48%	\$ 9,000,000	11.79%	10%
A-1 + St George Bank Term Deposit	7.72%	7.57%	\$ -	0.00%	20%
A-1 Macquarie Term Deposit	6.88%	7.86%	\$ 2,000,000	2.62%	15%
A-1+ Westpac Term Deposit	5.80%	6.79%	\$ 16,000,000	20.95%	20%
A-1+ NAB Term Deposit	6.37%	7.62%	\$ 17,500,000	22.92%	20%
A-1+ Westpac Bank Accepted Bills	0.00%	7.47%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	-7.43%	1.21%	\$ 3,353,741	4.39%	20%
AA- LGFS Fixed Out Performance	4.28%	6.91%	\$ 15,627,490	20.47%	20%
A-1+ Westpac 11AM	0.00%	7.15%	\$ -	0.00%	20%
AAA WA Treasury Corporation 11AM	3.34%	5.45%	\$ 2,877,000	3.77%	20%
Total Investment Portfolio	6.45%	6.93%	76,358,231	100.00%	
Municipal Funds			41,901,849		
Reserve Funds			34,456,382		
			76,358,231		

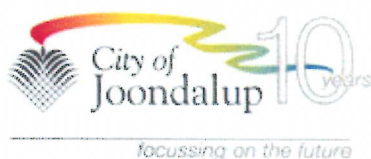
City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	312,104	312,104	339,235	339,235	7.25%	7.51%
August	330,064	642,168	378,027	717,262	7.25%	7.67%
September	391,233	1,033,401	530,024	1,247,286	7.18%	7.46%
October	441,685	1,475,086	619,347	1,866,633	6.94%	7.47%
November	429,687	1,904,773	522,052	2,388,685	6.63%	7.45%
December	443,727	2,348,500	480,762	2,869,448	6.25%	7.25%
January	428,737	2,777,237	466,224	3,335,672	5.96%	7.16%
February	371,243	3,148,480	315,339	3,651,011	5.66%	6.93%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 28 FEBRUARY 2009

1 Fees and Charges

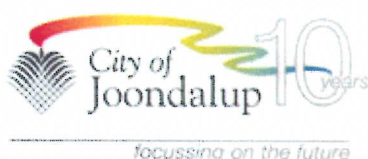
	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges revenues	\$13,209k	\$13,466k	\$257k
b) Building and Development	\$1,328k	\$1,155k	\$(173)k
c) Licenses and Registration	\$392k	\$204k	\$(188)k
d) Parking Fees	\$1,073k	\$477k	\$(596)k
e) Other Fees & Charges	\$586k	\$451k	\$(135)k
Other Variances – Not material	\$4,682k	\$4,579k	\$(103)k
	<u>\$21,270k</u>	<u>\$20,332k</u>	<u>\$(938)k</u>

- a) The increase in refuse charge is due to under-estimating the number of chargeable properties in the original budget.
- b) In Building and Development the level of application fees and charges is below budget expectations, largely due to the current economic climate.
- c) License and Registration fees are under budget in Animal Registrations \$(172)k mainly due to the revenue allocation appearing under infringements which is being investigated. A dog registration campaign will start in March with expected additional registrations to align revenue closer to the budget estimate.
- d) The delayed implementation of Paid Parking has resulted in a reduction in revenue from off street parking fees.
- e) Other Fees & Charges variance includes a reimbursement for immunisation services \$(89)k budgeted in the current year which was already received in the 2007/08 year. The other variance is mainly due to lower demand for miscellaneous sales of building plans and lower fees for closures of public access ways.

2 Investment Earnings

Investment income exceeded the budget by \$507k as the level of funds invested was higher than budget due to lower Capital Expenditure to date and returns above budget for the year to date.

The year to date average earnings interest rate achieved of 6.93% is now below the estimated budget rate of 7.03% as market rates have significantly reduced and are expected to continue to fall.



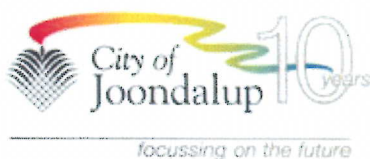
3 Other Revenue / Income

This variance is due to a prior year adjustment of \$239k to the opening balance of the Refuse Debtors reclassified from Other Expenses.

4 Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Building Maintenance	\$579k	\$881k	\$(302)k
b) Administration Expenses	\$907k	\$686k	\$221k
c) Public Relations, Advertising & Proms	\$882k	\$628k	\$254k
d) Plant, Furniture and Equipment	\$1,419k	\$983k	\$436k
e) External Materials Purchases	\$1,187k	\$840k	\$347k
f) External Contractor Services	\$5,617k	\$5,909k	\$(291)k
g) Waste Management Services	\$6,218k	\$6,006k	\$212k
h) Other Expenditure Items	\$5,962k	\$6,065k	\$(104)k
	<u>\$22,771k</u>	<u>\$21,998k</u>	<u>\$773k</u>

- a) Building Maintenance expenditure shows an adverse variance to the budget, where transactions are being identified for possible capital items and any corrections to classification will be processed during the next period.
- b) Printing and photocopying expenditure was \$205k under budget which is partly due to an overestimation of the budget and to timing differences for functions and events still to occur.
- c) Expenditure is currently below budget due to timing differences in planned events and is forecast to achieve the budget for the year.
- d) Plant, Furniture and Equipment variance includes timing of community facilities furniture replacement \$48k and hire of leisure and recreation equipment \$92k, plus the delay in the purchase of minor equipment of \$41k and \$129k for replacement domestic refuse and recycling bins. Other variances are spread across a number of areas and not material.
- e) The under expenditure in External Materials Purchases occurred in Roads and Parks \$323k and largely offset by over expenditure in External Contractor Services (refer to f below), due to greater use of external contractors for certain services than anticipated at the time of the budget.
- f) The over expenditure in External Contractor Services occurred mainly in Community Safety \$(364)k for graffiti removal and in Roads and Parks \$(193)k for maintenance work. This is offset by project expenditure for the Lake Goollelal Upgrade of \$179k, which is reclassified as capital work.



- g) Waste Management Services is \$212k below budget due to accounts for collection services still to be processed.
- h) Other variances covered a range of areas across the organisation where the variances were not material.

5 Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$2,038k	\$1,901k	\$137k
b) Gas	\$23k	\$30k	\$(7)k
c) Water	\$152k	\$130k	\$22k
	<u>\$2,213k</u>	<u>\$2,061k</u>	<u>\$152k</u>

- a) Electricity charges for Street Lighting of \$97k are outstanding and will be adjusted next period. The remaining variance is mainly due to lower charges for Parks than budgeted.
- b - c) Gas and water charges are \$15k under budget spread across a number of buildings within the City.

6 Interest Expenses and Loan Repayment Principal

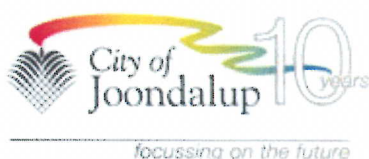
Projected loan borrowings will take place later in the financial year than originally budgeted resulting in savings in interest expenses and loan principal repayments.

7 Insurance Expenses

Insurance premiums were generally lower than the original budget as a result of a 10% discount received on most policies totalling \$103k, plus savings in the provision for policies excesses \$22k.

8 Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) CCTV – Joondalup CBD City Watch	\$60k	\$90k	\$30k
b) Ocean Reef Marina Development	-	\$404k	\$404k
c) Road Preservation Programme	\$2,624k	\$2,053k	\$(571)k
d) Traffic Management	\$413k	\$338k	\$(75)k
e) Major Metro Roads Programme	\$1,443k	\$3,100k	\$1,657k
f) Lake Goollellal Upgrade	-	\$80k	\$80k
	<u>\$4,540k</u>	<u>\$6,065k</u>	<u>\$1,525k</u>



- a) The City was granted an amount of \$150k for CCTV, of which \$90k has been received and a further \$60k is expected later in the year.
- b) The Ocean Reef Marina project has received reimbursements to date of \$404k from the Department of Planning and Infrastructure for legal fees and planning costs that are phased later in the budget.
- c) The Road Preservation Programme has been impacted by weather and therefore grant recoups are running behind budget.
- d) Traffic Management grants received is tied to the work schedule which is behind budget as reported at 11d) below.
- e) State Metro Roads Grants totaling \$1,600k were received for the Burns Beach Road East and West projects which were \$1,175k more than the budget, plus additional funds of \$482k received for the Connelly Drive - Burns Beach Road to McNaughton project.
- f) The Lake Goollellal Upgrade project received a final Grant payment earlier than budgeted.

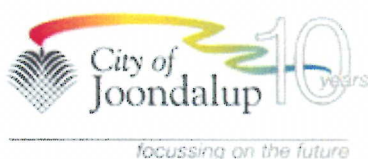
9 Capital Contributions

This is a contribution received from the Water Corporation for work at the Works Operation Centre and not forecast in the budget.

10 Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$910k	\$453k	\$457k
b) Aquatic Facilities Upgrade - CLC	\$951k	\$0k	\$951k
c) Information Technology Projects	\$984k	\$415k	\$569k
d) Implementation of Paid Parking	\$834k	\$789k	\$45k
e) CCTV-CBD, and City Watch Vehicles	\$252k	\$0k	\$252k
Other variances – not material	\$176k	\$98k	\$78k
	<u>\$4,107k</u>	<u>\$1,755k</u>	<u>\$2,352k</u>

- a) The Ocean Reef Marina project is running on schedule; however timing of further expenditure is dependant on finalisation of concept plan approvals.
- b) The Aquatic Facilities Upgrade at Craigie Leisure Centre project commenced late January 2009 and as a result progress claims against initial estimates are behind schedule. The City is currently considering a range of progress claims from the builder. There are currently no variations to project timeframes or budget.



- c) The main Information Technology Projects variance occurred in the New Financial System project \$219k, partly due to the final payment for Licences still to be billed and the implementation of further modules. Other variances mainly include the Redevelopment of the City's Website \$80k, Network Infrastructure Upgrade \$99k and Data Centre Upgrade \$80k where orders are being placed and work is now commencing.
- d) Capital expenditure associated with the implementation of Paid Parking has progressed in accordance with the budget programme.
- e) The public areas surveillance system of CCTV in the Central City is expected to be completed by the end of March.

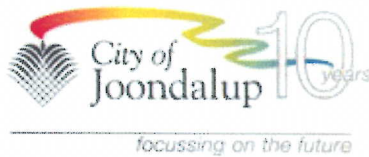
11 Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Roads Construction	\$2,764k	\$4,028k	\$(1,264)k
b) Streetscape Enhancement	\$140k	\$549k	\$(409)k
c) Road Preservation and Resurfacing	\$2,516k	\$1,885k	\$631k
d) Traffic Management	\$1,619k	\$313k	\$1,306k
e) Major Building Works	\$2,491k	\$1,372k	\$1,119k
f) Parking Facilities	\$612k	\$421k	\$191k
g) Paths Program	\$760k	\$174k	\$586k
h) Foreshore & Natural Areas	\$285k	\$1k	\$284k
i) Parks Play Equipment	\$492k	\$20k	\$472k
Other variances – not material	\$1,174k	\$965k	\$209k
	<u>\$12,853k</u>	<u>\$9,728</u>	<u>\$3,125k</u>

- a) The Major Roads Construction program included \$3,868k of work on the Burns Beach East and West Roads projects against a year to date budget of \$1,400k. These projects are a continuation from the previous year and received substantial Main Roads Grant funding, as reported under note 8 above.

The other major road projects are running behind budget schedule and partly offset the over expenditure variance. The main project is the Connolly Drive- Burns Beach Road to McNaughton Road project \$784k where the design work is now completed and tender evaluation process begun, with work due to commence in April. The remaining variances are also due to delays in design work which is progressing.

- b) Streetscape Enhancement work was given higher priority than phased in the budget for the period and actual expenditure included \$(95)k Joondalup Drive Stage 2 & 3 planting and \$(225)k West Coast Drive Lighting and Coastal Paths, \$(114)k Ocean Reef Road – Hodges Drive to Shenton Ave projects; together with various minor roads \$25k which are below budget.



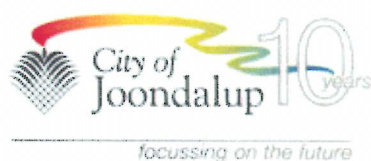
- c) The Road Preservation and Resurfacing programs were behind the budget phasing for the period due to delays in the Asphalt Contractor tender finalisation and the earlier wet months experienced. The work is now progressing.
- d) The Traffic Management work was under budget due to delays in obtaining engineering designs in the first half of the financial year. These delays have now been overcome.
- e) Major Building Works variances is to be examined and expenditure wrongly classified as operating is to be transferred to capital.
- f) The Parking Facilities variance mainly relates to Lighting of Sorrento Beach Car parks \$83k where designs are nearly complete, with remaining variances at other locations such as Percy Doyle Access Road and Car Park lighting and Woodvale Library where the design stage has just commenced.
- g) Paths Program includes the Clontarf Street footpath replacement \$450k where the contract is now awarded and work scheduled to commence in March. Other Path projects are progressing and contracted to be complete within the budget period.
- h) Foreshore & Natural Areas are still mainly in the design phase, with the Craigie Open Space New Escarpment Steps project \$62k to go to tender in March. The other variances involve fencing projects of \$200k now not likely to commence until the new financial year.
- i) Parks Play Equipment programs are dependent on completion of works specifications and running slightly behind budget schedule. Most work is due to commence in March.

12 Motor Vehicle Replacement

Planned plant replacements of heavy vehicles are behind budget due to quotation delays and extended delivery times causing timing variances of purchases compared to the original budget. In addition an alternative replacement interval for light vehicles has been adopted, thereby reducing the total replacement program for the year.

13 Loan Funds

The Adopted Budget allowed for additional borrowings of \$1.3 million to partly fund the Upgrade to the Craigie Aquatic Centre – 50 Meter Pool and the \$1.5 million for Implementation of Paid Parking. These will be funded later than originally planned.



14 Closing Funds

	Actual
Current Assets	
Cash Assets	\$76,017k
Rates and Sundry Debtors	\$6,979k
GST Receivable	\$588k
Accrued Income	\$779k
Advances and Prepayments	\$720k
	\$85,083k
Less: Current Liabilities	
Creditors	\$(9,220)k
Provisions	\$(5,650)k
Accrued Expenses	\$(2,676)k
Income in Advance	\$0k
GST Payable	\$(32)k
Other- Clearing	\$(167)k
	\$(17,745)k
Less: Restricted Assets	
Reserves	\$(34,456)k
Movement in Long Term Provisions	\$(0)k
Closing Funds	\$32,882k