

City of Joondalup

Financial Activity Statement for the
Period Ended 31 January 2009

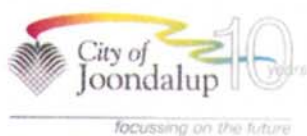
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City of Joondalup
Financial Activity Statement
for the period ended 31 January 2009

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(61,129,616)	(60,841,484)	(60,898,233)	56,749	(0)%
Grants and Subsidies		(3,510,975)	(1,884,350)	(1,806,637)	(77,713)	4%
Contributions Reimbursements and Donations	1	(1,276,575)	(539,608)	(438,626)	(100,982)	19%
Profit on Asset Disposals		(2,015,189)	(201,155)	(130,657)	(70,498)	35%
Fees and Charges	2	(24,729,963)	(20,276,073)	(19,638,472)	(637,601)	3%
Investment Earnings	3	(4,555,137)	(2,777,235)	(3,340,467)	563,232	(20)%
Other Revenue/Income		(94,800)	(55,300)	(49,752)	(5,548)	10%
Total Operating Revenue		(97,312,255)	(86,575,205)	(86,302,845)	(272,360)	0%
OPERATING EXPENSES						
Employee Costs		40,049,750	23,629,934	23,661,052	(31,117)	(0)%
Materials and Contracts	4	34,543,465	19,922,945	18,780,471	1,142,473	6%
Utilities (gas, electricity, water etc.)		3,319,031	1,936,416	1,875,442	60,974	3%
Depreciation of Non-Current Assets		16,524,473	9,665,494	9,884,937	(219,444)	(2)%
Loss on Asset Disposal		180,058	89,520	60,375	29,145	33%
Interest Expenses	5	303,861	178,898	101,710	77,187	43%
Insurance Expenses	6	1,210,641	1,180,086	1,063,863	116,222	10%
Other Expenses	7	70,000	-	(239,362)	239,362	100%
Total Operating Expenses		96,201,280	56,603,292	55,188,489	1,414,803	2%
(SURPLUS)/DEFICIT FROM OPERATIONS		(1,110,975)	(29,971,914)	(31,114,356)	1,142,443	(0)
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(16,524,473)	(9,665,494)	(9,884,937)	219,444	(2)%
Loss on Asset Disposal		(180,058)	(89,520)	(60,375)	(29,145)	33%
Profit on Asset Disposals		2,015,189	201,155	130,657	70,498	35%
OPERATING CASH (SURPLUS)/DEFICIT		(15,800,317)	(39,525,772)	(40,929,012)	1,403,240	(4)%
NON-OPERATING REVENUE						
Non-operating Capital Grants and Subsidies	8	(9,708,843)	(3,917,104)	(5,499,611)	1,582,507	(40)%
Acquired Infrastructure Assets		(6,085,000)	-	-	-	0%
Total Non-Operating Revenue		(15,793,843)	(3,917,104)	(5,499,611)	1,582,507	(40)%
CAPITAL EXPENDITURE						
Capital Projects	9	7,425,254	3,555,793	1,647,977	1,907,816	54%
Capital Works	10	24,218,100	10,022,550	8,650,328	1,372,223	14%
Motor Vehicle Replacements	11	4,200,139	2,893,677	1,518,165	1,375,512	48%
Loan Repayment Principal		651,146	190,778	190,778	-	0%
Equity Investments		-	-	7,178	(7,178)	100%
Total Capital Expenditure		36,494,639	16,662,798	12,014,426	4,648,372	28%
CAPITAL (SURPLUS)/DEFICIT		20,700,796	12,745,694	6,514,815	6,230,880	49%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,900,479	(26,780,078)	(34,414,197)	7,634,119	(29)%
FUNDING						
Proceeds from Disposal	11	(2,820,179)	(496,590)	(274,275)	(222,315)	45%
Loan Funds	12	(2,794,000)	(1,464,000)	-	(1,464,000)	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		(28,225)	(30,508,953)	(37,998,939)	7,489,986	(25)%

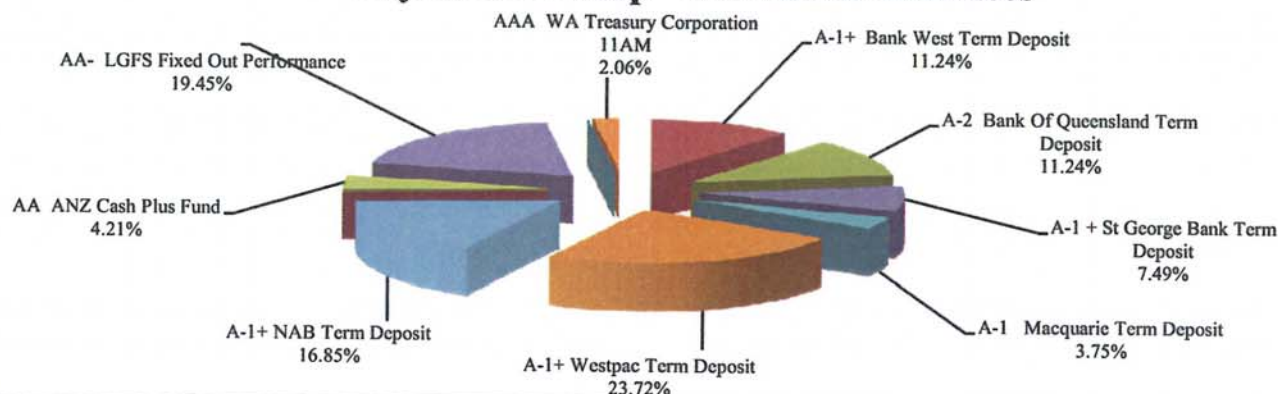


Investment Summary

CITY OF JOONDALUP
January-09

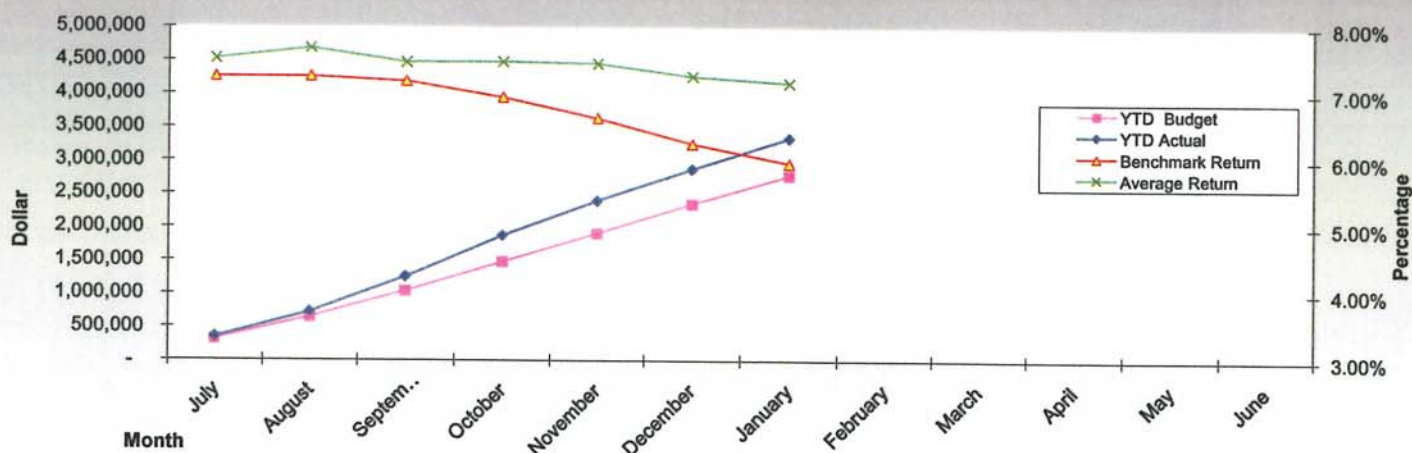
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ ANZ Term Deposit	0.00%	7.67%	\$ -	0.00%	20%
A-1+ Bank West Term Deposit	6.99%	7.72%	\$ 9,000,000	11.24%	20%
A-2 Bank Of Queensland Term Deposit	6.82%	7.56%	\$ 9,000,000	11.24%	10%
A-1 + St George Bank Term Deposit	7.72%	7.56%	\$ 6,000,000	7.49%	20%
A-1 Macquarie Term Deposit	8.08%	8.08%	\$ 3,000,000	3.75%	15%
A-1+ Westpac Term Deposit	6.50%	7.05%	\$ 19,000,000	23.72%	20%
A-1+ NAB Term Deposit	7.75%	7.80%	\$ 13,500,000	16.85%	20%
A-1+ Westpac Bank Accepted Bills	0.00%	7.47%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	3.88%	2.08%	\$ 3,373,332	4.21%	20%
AA- LGFS Fixed Out Performance	5.19%	7.26%	\$ 15,576,402	19.45%	20%
A-1+ Westpac 11AM	0.00%	7.15%	\$ -	0.00%	20%
AAA WA Treasury Corporation 11AM	4.25%	5.69%	\$ 1,652,000	2.06%	20%
Total Investment Portfolio	6.45%	7.16%	80,101,734	100.00%	
Municipal Funds			45,645,352		
Reserve Funds			34,456,382		
			80,101,734		

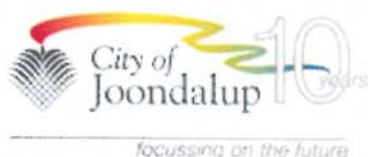
City of Joondalup - Investment Balances



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%

Return on Investments





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

1 Contributions Reimbursements and Donations

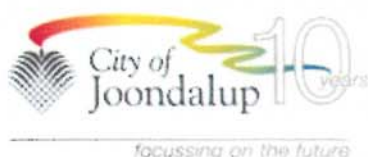
	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$147k	\$113k	\$(34)k
b) Sponsorships	\$142k	\$82k	\$(60)k
Other Variances – Not material	\$251k	\$243k	\$(8)k
	<u>\$540k</u>	<u>\$438k</u>	<u>\$(102)k</u>

- a) Contributions variance \$(34)k was mainly due to a reduced contribution linked to a planned Sponsorship Officer position that is not being proceeded, timing differences in amounts which are yet to be invoiced \$(26)k, offset by unbudgeted funds received from Whitfords Recreation Association for a Community Bus service \$80k.
- b) Sponsorships were under budget by \$(41K) in relation to the Joondalup Festival with income to be invoiced in February, and the balance being made up from phasing differences in various areas \$(19)k.

2 Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges revenues	\$13,208k	\$13,452k	\$244k
b) Building and Development	\$1,168k	\$1,024k	\$(144)k
c) Licenses and Registration	\$383k	\$192k	\$(191)k
d) Sports and Recreation	\$2,974k	\$3,104k	\$130k
e) Parking Fees	\$939k	\$381k	\$(558)k
Other Variances – Not material	\$1,604k	\$1,485k	\$(119)k
	<u>\$20,276k</u>	<u>\$19,638k</u>	<u>\$(638)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 \$(174)k due in a large part to a revenue allocation error that will be corrected in February. A dog



registration campaign will start shortly that is expected to pick up registrations in line with budget estimates.

- d) The net increase in Sports and Recreation revenue is mainly due to membership and admission fees being above budget including Community Facility bookings.
- e) Delays in the implementation of the Paid Parking project has resulted in a net reduction in revenue from parking, including infringements.

3 Interest Earnings

The total of interest earned in respect of investment income exceeded the budget by \$563k due to a combination of a higher level of funds invested resulting from Capital Expenditure being lower than the budget, plus average earnings interest rate achieved of 7.16% compared to the estimated budget rate of 7.03% for the period.

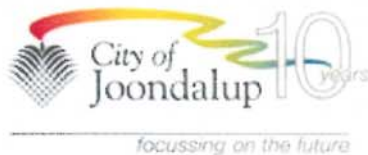
Market rates have significantly reduced and interest returns are expected to drop significantly.

4 Materials and Contracts

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

	YTD Adopted Budget	YTD Actual	Variance
a) Printing	\$395k	\$274k	\$121k
b) Merchant Card & Cash Collection	\$243k	\$142k	\$101k
c) Plant, Furniture and Equipment	\$564k	\$335k	\$229k
d) Plant and Equipment Repairs	\$196k	\$60k	\$136k
e) External Materials Purchases	\$1,039k	\$696k	\$343k
f) External Contractor Services	\$4,924k	\$5,251k	\$(327)k
g) Waste Management Services	\$5,441k	\$4,745k	\$696k
h) Overhead and Plant Recoveries	\$(247)k	\$(134)k	\$(113)k
i) Other Expenditure Items	\$7,368k	\$7,412k	\$(44)k
	<u>\$19,923k</u>	<u>\$18,781k</u>	<u>\$1,142k</u>

- a) Printing expenditure was generally under budget primarily due to timing differences where functions and events were either still to be held or accounts are outstanding.
- b) Merchant Card fees & Cash Collection charges were below budget mainly in relation to Parking Fees where lower revenue produced savings of \$83k, and Rates where charges are lower by \$19k.
- c) Plant, Furniture and Equipment is under budget by \$52k for community facilities furniture replacement where some costs are still expected. There is also a delay in the purchase of replacement domestic refuse and recycling bins of \$128k. Other timing variances were spread across different areas and not material.



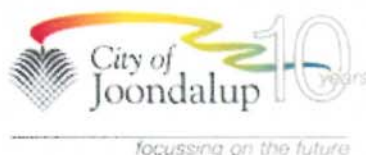
- d) Plant and Equipment Repairs variance arose mainly due to a timing difference for the repairs to Parking Ticket Machines of \$116k, the contract for which is being negotiated. The other variances reflected mainly timing differences which will be re-phased in the mid-year budget review.
- e) The main under expenditure in External Materials Purchases occurred in roads and parks \$279k. This is largely offset by External Contractor Services over expenditure which was partly caused by incorrect account classifications. In addition general savings arose in Asset Management \$34k and Engineering Maintenance \$41k due to lower demand for purchases.
- f) Over expenditure in External Contractor Services \$(327)k occurred mainly in Community Safety \$(304)k for graffiti removal. In Engineering Maintenance external contractors were also \$(171)k over the budget for street cleaning services, unplanned road maintenance work and work on coastal footpaths. Part of the variance is offset by the budget savings reported at j) above. There was also a variance in Environmental Development – Lake Goollelal Upgrade project where the budget was under spent \$179k and is to be investigated. Other general timing differences were not material.
- g) Waste Management Services under expenditure of \$696k arose through delays in accounts, including the December quarterly recycling bill. The method of accrual is to be reviewed with a view to more accurately determining charges on a monthly basis.
- h) Overhead and Plant Recoveries fell below the budget estimates, due to lower capital expenditure and a higher charge to operations.
- i) Other variances covered a range of areas across the organisation where the variances were not material.

5 Interest Expenses

Projected loan borrowings will take place later in the financial year than originally estimated reducing interest expense.

6 Insurance Expenses

Insurance premiums were generally lower than the original budget as a result of discounts received for Property Insurance \$38k; Public Liability \$29k; Professional Indemnity \$7k; Motor Vehicle \$2k and Other General Insurances \$19k, plus Excesses not incurred \$21k.



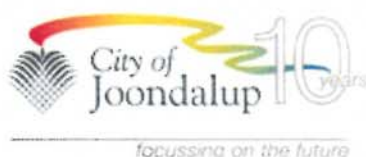
7 Other Expenses

This variance is due to a prior year adjustment to the opening balance of the Refuse Debtors.

8 Non-operating Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) CCTV – Joondalup CBD City Watch	\$60k	\$90k	\$30k
b) Ocean Reef Marina Development	-	\$219k	\$219k
c) Road Preservation Programme	\$2,147k	\$1,605k	\$(542)k
d) Traffic Management	\$349k	\$338k	\$(11)k
e) Major Metro Roads Programme	\$1,362k	\$3,100k	\$1,738k
f) Lake Goollellal Upgrade	-	\$80	\$80k
g) Other Reimbursement	-	\$68	\$68k
	<u>\$3,918k</u>	<u>\$5,500k</u>	<u>\$1,582k</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 received a reimbursement payment of \$219k from Department of Planning and Infrastructure, being legal fees and planning costs earlier than anticipated in the budget.
- c) The Road Preservation Programme has been impacted by earlier wet weather and therefore running behind budget. The programme is being re-scheduled to address this.
- d) Traffic Management grants received achieved the budget.
- e) Additional 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 \$1,500k received for the Connelly Drive - Burns Beach Road to McNaughton project, being \$563k above the phased budget.
- f) The Lake Goollellal Upgrade project received a final Grant payment earlier than budgeted.
- g) This represents work at the Works Operation Centre and reimbursed by the Water Corporation which were not forecast in the budget.



9 Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$840k	\$243k	\$597k
b) Aquatic Facilities Upgrade - CLC	\$791k	\$90k	\$701k
c) Information Technology Projects	\$841k	\$300k	\$541k
d) Implementation of Fee Paid Parking	\$834k	\$869k	\$(35)k
e) CCTV-CBD, and City Watch Vehicles	\$168k	\$5k	\$163k
Other variances – not material	\$82k	\$141k	\$(59)k
	\$3,556k	\$1,648k	\$1,908k

- a) Expenditure on the Ocean Reef Marina project is behind the original budget programme.
- b) The Aquatic Facilities Upgrade at Craigie Leisure Centre was approved by Council in January and construction commenced in late January 2009.
- c) The main Information Technology Projects variance occurred in the New Financial System project \$316k, partly due to the final payment for Licences still to be billed and the implementation of further modules. Other variances were for the next stage of the Library Management System \$19k, Redevelopment of the City's Website \$40, Network Infrastructure Upgrade \$83k and Data Centre Upgrade \$80k.
- d) 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 end of March.

10 Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Roads Construction	\$2,038k	\$3,750k	\$(1,712)k
b) Streetscape Enhancement	-	\$449k	\$(449)k
c) Road Preservation and Resurfacing	\$2,097k	\$1,378k	\$719k
d) Traffic Management	\$1,302k	\$274k	\$1,028k
e) Major Building Works	\$2,067k	\$1,186k	\$881k
f) Parking Facilities	\$511k	\$295k	\$216k
g) Paths Program	\$585k	\$154k	\$431k
h) Reticulation of Parks Development	\$175k	\$69k	\$106k
i) Parks Play Equipment	\$331k	\$17k	\$314k
Other variances – not material	\$917k	\$1,078k	\$(161)k
	\$10,023k	\$8,651	\$1,372k



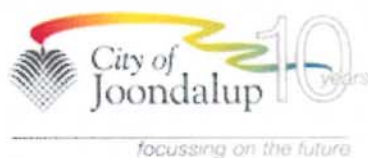
- a) The Major Roads Construction program incurred \$3,750k of work mainly on the Burns Beach East and West Roads projects which was continued from the previous year. The budget on these projects for the period amounted to \$2,038k. The projects are subject to substantial Main Roads Grant funding as reported under Note 8 above.
- b) Streetscape Enhancement work was given higher priority than phased in the budget for the period and included \$(143)K Joondalup Drive Stage 2 & 3 planting and \$(225)k West Coast Drive Lighting and Coastal Paths, \$(53)k Ocean Reef Road – Hodges Drive to Shenton Ave; together with various minor roads \$(28)k.
- 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 unusually wet months in September and October. The work is programmed across numerous roads and has been re-programmed.
- d) The Traffic Management work was under budget due to delays in external contract design works for roundabouts and other road modifications.
- e) Major Building Works primarily included the Works Operation Centre \$(289)k for works originally expected to be incurred in 2007/08, offset by various projects due to be commenced or behind budget including Duncraig Library Air-conditioning Replacement \$268k, requests under the Building Asset Management Plan \$250k and Kingsley Sporting Club \$203K plus various other mini-makeovers for Community Buildings totalling \$404k.

Delayed expenditure on these largely arises through timing differences and subject to contractor claims still to come.

- f) The Parking Facilities variance comprises mainly Lighting of Sorrento Beach Car parks \$67k and the CP1 Addition of 110 Car Bays \$48K, and a number of other locations such as Percy Doyle Access Road and Car Park lighting and Woodvale Library. These delays relate to documentation finalisation and technical specifications being completed.
- h) -i) Paths, Reticulation and Parks Play Equipment programs were experienced timing delays compared to the budget phasing and were subject to work being re-scheduled.

11 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 allowing such vehicles to be held a further year, and thereby reducing the whole of life cost for the fleet. These also impact the Profit or Loss on Asset Disposals reflected in the budget, together with Proceeds on Disposals.



12 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.

13 Closing Funds

	Actual
Current Assets	
Cash Assets	\$77,078k
Rates and Sundry Debtors	\$8,109k
GST Receivable	\$1,213k
Accrued Income	\$3,353k
Advances and Prepayments	\$732k
	\$90,485k
Less: Current Liabilities	
Creditors	\$(8,742)k
Provisions	\$(5,650)k
Accrued Expenses	\$(2,670)k
Income in Advance	\$(746)k
GST Payable	\$(175)k
Other- Clearing	\$(48)k
	\$(18,031)k
Less: Restricted Assets	
Reserves	\$(34,456)k
Movement in Long Term Provisions	\$(0)k
Closing Funds	\$37,998k