

City of Joondalup

Financial Activity Statement for the
Period Ended 30 November 2008

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

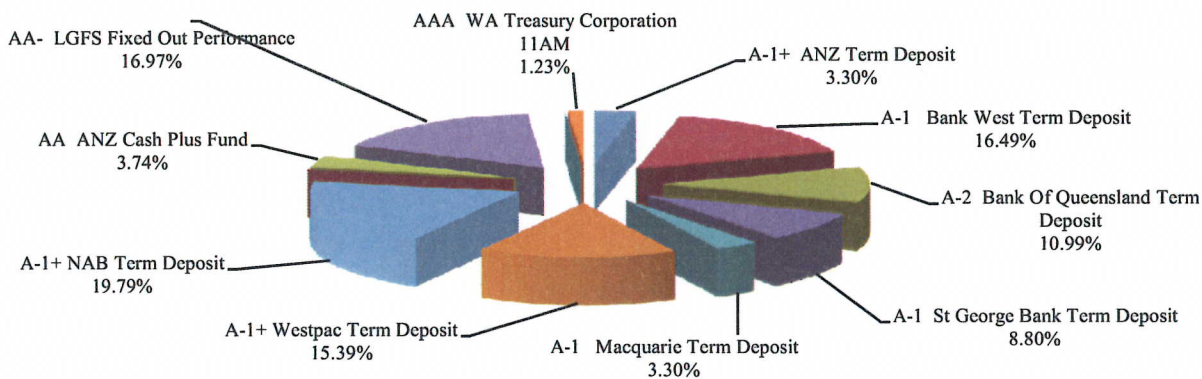
| | Notes | Adopted Budget | YTD Adopted Budget | YTD Actual | YTD Variance \$ | YTD Variance % |
|--|-------|---------------------|---------------------|---------------------|------------------|----------------|
| OPERATING REVENUE | | | | | | |
| Rates | | (61,129,616) | (60,488,162) | (60,791,400) | 303,238 | (1)% |
| Grants and Subsidies | | (3,510,975) | (1,726,970) | (1,707,369) | (19,601) | 1% |
| Contributions Reimbursements and Donations | 1 | (1,276,575) | (328,124) | (255,493) | (72,631) | 22% |
| Profit on Asset Disposals | 10 | (2,015,189) | (195,157) | (89,482) | (105,675) | 54% |
| Service Charges | | - | - | - | - | 0% |
| Fees and Charges | 2 | (24,729,963) | (18,498,692) | (17,853,335) | (645,357) | 3% |
| Investment Earnings | 3 | (4,555,137) | (1,904,772) | (2,393,340) | 488,568 | (26)% |
| Other Revenue/Income | | (94,800) | (39,500) | (38,106) | (1,394) | 4% |
| Total Operating Revenue | | (97,312,255) | (83,181,377) | (83,128,525) | (52,851) | 0% |
| OPERATING EXPENSES | | | | | | |
| Employee Costs | 4 | 40,049,750 | 16,879,333 | 15,700,551 | 1,178,782 | 7% |
| Materials and Contracts | | 34,543,464 | 14,272,756 | 13,648,446 | 624,310 | 4% |
| Utilities (gas, electricity, water etc.) | | 3,319,031 | 1,383,315 | 1,368,960 | 14,355 | 1% |
| Depreciation of Non-Current Assets | | 16,524,473 | 6,913,212 | 7,060,477 | (147,266) | (2)% |
| Loss on Asset Disposal | | 180,058 | 28,598 | 35,998 | (7,400) | (26)% |
| Interest Expenses | | 303,861 | 127,203 | 104,496 | 22,707 | 18% |
| Insurance Expenses | 5 | 1,210,641 | 1,171,632 | 1,057,329 | 114,302 | 10% |
| Other Expenses | 6 | 70,000 | - | (239,362) | 239,362 | 100% |
| Total Operating Expenses | | 96,201,280 | 40,776,048 | 38,736,896 | 2,039,152 | 5% |
| (SURPLUS)/DEFICIT FROM OPERATIONS | | (1,110,975) | (42,405,329) | (44,391,630) | 1,986,301 | (5)% |
| OPERATING NON-CASH ADJUSTMENTS | | | | | | |
| Depreciation on Assets | | (16,524,473) | (6,913,212) | (7,060,477) | 147,266 | (2)% |
| Loss on Asset Disposal | | (180,058) | (28,598) | (35,998) | 7,400 | (26)% |
| Profit on Asset Disposals | | 2,015,189 | 195,157 | 89,482 | 105,675 | 54% |
| OPERATING CASH (SURPLUS)/DEFICIT | | (15,800,317) | (49,151,982) | (51,398,623) | 2,246,642 | (5)% |
| NON-OPERATING REVENUE | | | | | | |
| Non-operating Capital Grants and Subsidies | 7 | (9,708,843) | (2,558,604) | (5,121,944) | 2,563,340 | (100)% |
| Acquired Infrastructure Assets | | (6,085,000) | - | - | - | 0% |
| Total Non-Operating Revenue | | (15,793,843) | (2,558,604) | (5,121,944) | 2,563,340 | (100)% |
| CAPITAL EXPENDITURE | | | | | | |
| Capital Projects | 8 | 7,425,254 | 2,214,731 | 1,254,682 | 960,049 | 43% |
| Capital Works | 9 | 24,218,100 | 5,982,685 | 7,019,946 | (1,037,262) | (17)% |
| Motor Vehicle Replacements | 10 | 4,200,139 | 2,284,177 | 1,477,460 | 806,717 | 35% |
| Loan Repayment Principal | | 651,146 | 171,504 | 171,504 | - | 0% |
| Total Capital Expenditure | | 36,494,639 | 10,653,097 | 9,923,593 | 729,504 | 7% |
| CAPITAL (SURPLUS)/DEFICIT | | 20,700,796 | 8,094,493 | 4,801,648 | 3,292,844 | 41% |
| (SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL | | 4,900,479 | (41,057,489) | (46,596,975) | 5,539,486 | (13)% |
| FUNDING | | | | | | |
| Proceeds from Disposal | 10 | (2,820,179) | (496,590) | (209,966) | (286,624) | 58% |
| Loan Funds | | (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) | (44,786,364) | (50,117,408) | 5,331,044 | (12)% |

Investment Summary

CITY OF JOONDALUP
November-08

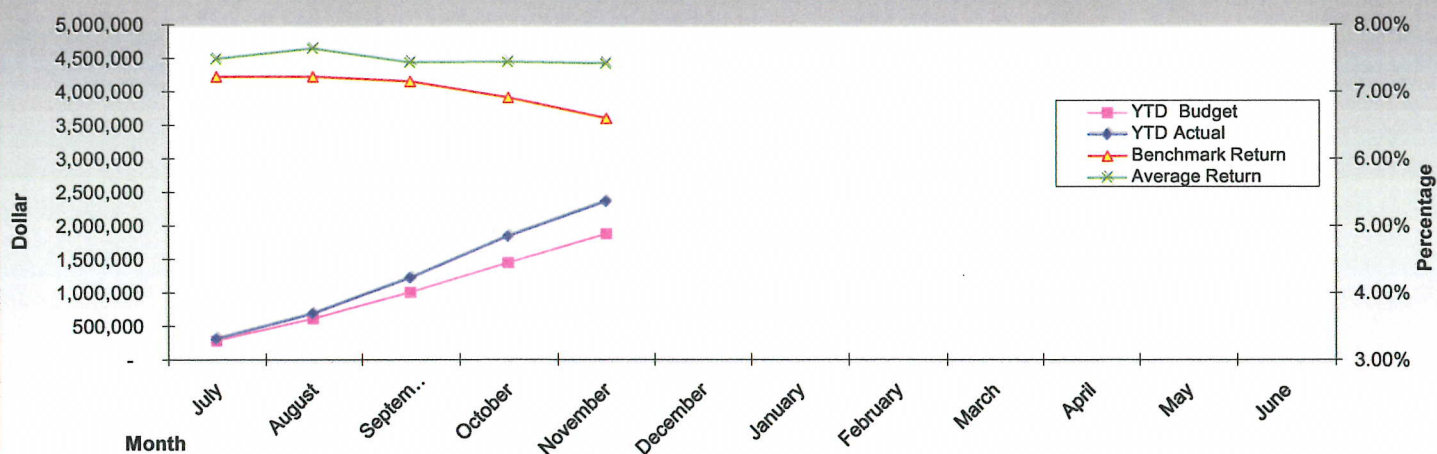
| Investment Account | MTD Return | YTD Return | Value \$ | % of Portfolio | Policy Limit |
|-------------------------------------|--------------|--------------|-------------------|----------------|--------------|
| A-1+ ANZ Term Deposit | 7.15% | 7.67% | \$ 3,000,000 | 3.30% | 20% |
| A-1 Bank West Term Deposit | 7.75% | 7.90% | \$ 15,000,000 | 16.49% | 15% |
| A-2 Bank Of Queensland Term Deposit | 7.28% | 7.86% | \$ 10,000,000 | 10.99% | 10% |
| A-1 St George Bank Term Deposit | 7.36% | 7.56% | \$ 8,000,000 | 8.80% | 15% |
| A-1 Macquarie Term Deposit | 8.08% | 8.08% | \$ 3,000,000 | 3.30% | 15% |
| A-1+ Westpac Term Deposit | 7.23% | 7.37% | \$ 14,000,000 | 15.39% | 20% |
| A-1+ NAB Term Deposit | 7.82% | 7.81% | \$ 18,000,000 | 19.79% | 20% |
| A-1+ Westpac Bank Accepted Bills | 0.00% | 7.47% | \$ - | 0.00% | 20% |
| AA ANZ Cash Plus Fund | -0.45% | 2.83% | \$ 3,398,346 | 3.74% | 20% |
| AA- LGFS Fixed Out Performance | 7.10% | 8.05% | \$ 15,436,026 | 16.97% | 20% |
| A-1+ Westpac 11AM | 0.00% | 7.15% | \$ - | 0.00% | 20% |
| AAA WA Treasury Corporation 11AM | 5.35% | 6.27% | \$ 1,118,000 | 1.23% | 20% |
| Total Investment Portfolio | 7.06% | 7.45% | 90,952,373 | 100.00% | |
| Municipal Funds | | | 54,941,624 | | |
| Reserve Funds | | | 36,010,749 | | |
| | | | 90,952,373 | | |

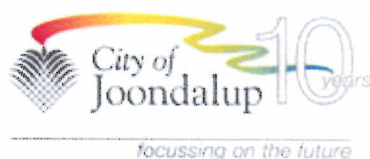
City of Joondalup - Investment Balances



| 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% |

Return on Investments





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

1 Contributions, Reimbursements and Replacements

Contributions, Reimbursements and Donations were under budget by \$(73K) mainly to due to duplication in the period budget of sponsorships from a planned Sponsorship Officer position in Marketing now not going ahead \$(31)k and Reimbursement for Private Works in Operations \$(32)k being below budget estimates.

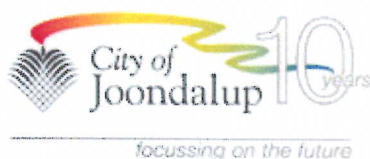
2 Fees and Charges

| | |
|--|-----------------|
| a) Leisure Centre decrease in revenues | \$(46)k |
| b) Refuse Charges | \$239k |
| c) Parking Fees | (\$508)k |
| d) Parking Infringement Fees | (\$195)k |
| e) Other Infringements, Hire and Service Charges | (\$135)k |
| | <u>(\$645)k</u> |

- a) The Leisure Centre revenue is slightly behind budget as the net effect of reduced seasonal programs \$(120)k was partly offset by hire and other income being above budget \$74k.
- b) The increase in refuse charge is due to under-estimating the number of chargeable properties in the original budget.
- c-d) Delays in the implementation of Fee-paid Parking project led to a net reduction in originally forecast revenue from parking, including infringements.
- e) Other Infringements, Hire and Service Charges were lower than the budget including Building and Development Applications \$(43)k, Swimming Pool and Inspections fees \$(13)k, Rates Collection charges \$(39)k, Environmental Health – Immunisation \$(33)k and other minor variances in a number of areas.

3 Investment Earnings

The total of interest earned in respect of investment income exceeded the budget by \$488k due to a combination of extra funds invested from higher Rates collections and lower Capital Expenditure than anticipated in the budget, plus average interest rate earnings of 7.45% compared to the budget of 7.03% for the period.



4 Employee Costs

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

| | |
|---|-----------------|
| a) Corporate Services Directorate | \$765k |
| b) Planning & Community Development Directorate | \$461k |
| c) Other Directorates – Not Material | <u>\$(47)K</u> |
| | <u>\$1,179k</u> |

The favourable variance in Employee Costs was generally due to delays in projects and staff vacancies and also impacted by the timing of EBA adjustments:

- a) Corporate Services vacancies occurred principally in Information Management \$429k; Rangers, Parking and Community Safety \$105k and Human Resources \$227k. Information Management was affected by delays in projects causing budget expenditure for Agency Employees undertaking technical support to be behind schedule.
- b) Planning and Community Development experienced expenditure below budget primarily in Environmental Health Services \$107k, Planning Approvals and Urban Design \$87k, Building Services \$65k and Leisure and Cultural Services Centres of \$156k. Other variance related to timing differences spread across most operational areas and related to seasonal programmes.

5 Insurance

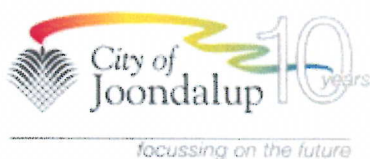
Insurance premiums were generally lower than the original budget for the period as a result of discounts received for Property Insurance \$37k; Public Liability \$29k; Professional Indemnity \$7k; Motor Vehicle \$2k and Other General Insurances \$19k, plus Excesses not incurred \$19k.

6 Other Expenses

This variance is due to a prior year adjustment to the opening balance of the Refuse Debtors. This will be addressed during the mid-year budget review.

7 Non-operating Capital Grants and Subsidies

| | YTD Adopted Budget | YTD Actual | Variance |
|------------------------------------|-----------------------|-----------------|-----------------|
| a) CCTV – Joondalup CBD City Watch | \$60k | \$90k | \$30k |
| b) Road Preservation Programme | \$2,031k | \$1,667k | \$(365)k |
| c) Traffic Management | \$206k | \$338k | \$132k |
| d) Major Metro Roads Programme | \$262k | \$3,027k | \$2,766k |
| | <u>\$2,559k</u> | <u>\$5,122k</u> | <u>\$2,563k</u> |

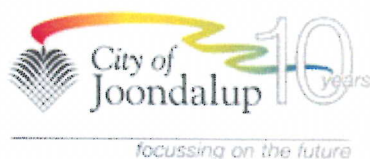


- a) The City was granted an amount of \$150k for CCTV after a successful application for funds under the National Communities Crime Prevention programme, of which \$90k has been received and a further \$60k is expected later in the year. The variance to the budget is only a timing difference to be adjusted in the budget review.
- b) The Road Preservation Programme received a further \$502k in November, leaving \$365k still to be received compared to the budget to date. Asphalt overlay and re-kerbing work is progressing and is mainly spread over minor roads.
- c) Traffic Management grants received exceeded the budget to date for works Marmion Ave – Parnell Ave Slip Lane \$32k and at the roundabouts of Winton Road – Pontiac Way \$26k; Ocean Reef – Craigie Drives \$77k which were earlier than forecast for budget purposes, offset by minor receipts below budget.
- d) Additional State Metro Roads Grants of \$1,527k were received for the Burns Beach Road East and West projects which were \$1,266k more than the budget, plus \$1,500k received in September for the Connelly Drive - Burns Beach Road to McNaughton project, budgeted to be received only in December. A re-alignment of the budget phasing will occur in the Mid-year Budget Review.

8 Capital Projects

| | YTD Adopted Budget | YTD Actual | Variance |
|---------------------------------------|-----------------------|-----------------|-----------------|
| a) Ocean Reef Marina Development | \$504k | \$47k | \$457k |
| b) Aquatic Facilities Upgrade - CLC | \$471k | \$88k | \$382k |
| c) Information Technology Projects | \$354k | \$186k | \$168k |
| d) Implementation of Fee Paid Parking | \$834k | \$801k | \$33k |
| Other variances – not material | \$52k | 44k | \$8k |
| | <u>\$2,215k</u> | <u>\$1,166k</u> | <u>\$1,049k</u> |

- a) Much of the planning and design work for the Ocean Reef Marina Development has been committed and actual expenditure is expected to align more with the budget during the next six months.
- b) The Aquatic Facilities Upgrade at Craigie Leisure Centre is in the tender stage and expenditure is behind the budget phasing.
- c) Information Technology Projects primarily include the next phase of the Library Management System \$60k, which is pending approval for additional software to be included, Redevelopment of the City's Website \$100, Network Infrastructure upgrade \$54k and Data Centre Upgrade \$60k; which are being impacted by contractor availability and resolving technical problems. These were partly offset by timing differences in IT Management Systems upgrades \$(89)k and various other projects \$(17)k.

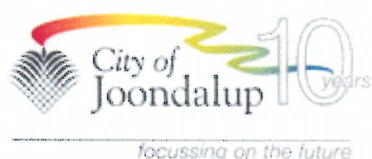


- d) Implementation of Fee Paid Parking has progressed in accordance with the budget programme.

9 Capital Works

| | YTD Adopted Budget | YTD Actual | Variance |
|--------------------------------------|-----------------------|-----------------|-------------------|
| a) Major Roads Construction | \$1,630k | \$3,671k | \$(2,041)k |
| b) Streetscape Enhancement | - | \$760k | \$(760)k |
| c) Parks and Reserves Enhancement | \$327k | \$463k | \$(136)k |
| d) Road Preservation and Resurfacing | \$1,258k | \$492k | \$766k |
| e) Traffic Management | \$617k | \$240k | \$377k |
| f) Major Building Works | \$1,210k | \$1,001k | \$209k |
| g) Parking Facilities | \$213k | \$118k | \$95k |
| h) Paths Program | \$251k | \$131k | \$121k |
| i) Parks Play Equipment | \$213k | \$7k | \$206k |
| Other variances – not material | \$264k | \$137k | \$126k |
| | <u>\$5,983k</u> | <u>\$7,020k</u> | <u>\$(1,037)k</u> |

- a) The Major Roads Construction program incurred \$3,582k 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 \$1,120k. The projects are subject to substantial Main Roads Grant funding as reported under Note 6 above.
- b) Streetscape Enhancement work was given higher priority than phased in the budget for the period and included \$(386)K Joondalup Drive Stage 2 & 3 planting and \$(165)k West Coast Drive Lighting and Coastal Paths, together with various minor roads \$(209)k such as Raleigh and Cunningham Place.
- c) Parks and Reserves Enhancement variance to budget was mainly due to timing of work compared to the budget, with additional work undertaken mainly at Sorrento Beach Park SLSC \$(82)k and Penistone Reserve \$(40)k.
- d) 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 was re-phased for the Mid Year Budget Review.
- e) The Traffic Management work was under budget due to delays in external contract design works for roundabouts and other road modifications.
- f) Major Building Works primarily included the Works Operation Centre \$(514)k over the budget, offset by various projects due to be commenced or behind budget including Duncraig Library Air-conditioning Replacement \$193k, Requests under the Building Asset Management Plan \$176k and Kingsley Sporting Club \$118K plus various other Community Buildings \$236k. The variance to the Works Operation Centre budget is predominantly a timing difference that will be adjusted in the Mid-year Budget Review, including re-classification of operating costs.
- g) The Parking Facilities variance comprises mainly Lighting of Sorrento Beach Car parks \$33k and the CP1 Addition of 110 Car Bays \$54K which were subject to document finalisation and technical specifications being completed.



h)-i) Paths and Parks Play Equipment programs experienced timing delays compared to the budget phasing and were subject to work being re-scheduled.

10 Motor Vehicle Replacement

Planned plant replacements of heavy vehicles are behind budget causing timing variances of purchases compared to budget phasing. These delays impact the Profit or Loss on Asset Disposals reflected in the budget, together with Proceeds on Disposals. Two 8 tonne water trucks for \$170k each; a Cantor Truck \$100k, a Heavy Tip Truck for \$213k and two Case Tractors \$80K each are subject to quotations and delivery times.

11 Closing Funds

| | Actual |
|----------------------------------|------------------|
| Current Assets | |
| Cash Assets | \$90,528k |
| Rates and Sundry Debtors | \$15,920k |
| GST Receivable | \$795k |
| Accrued Income | \$1,086k |
| Advances and Prepayments | \$679k |
| | \$109,008k |
| Less: Current Liabilities | |
| Creditors | \$(12,548)k |
| Provisions | \$(5,648)k |
| Accrued Expenses | \$(2,913)k |
| Income in Advance | \$(1,552)k |
| GST Payable | \$(165)k |
| Other- Clearing | \$(55)k |
| | \$(22,881)k |
| Less: Restricted Assets | |
| Reserves | \$(36,010)k |
| Movement in Long Term Provisions | \$(0)k |
| Closing Funds | \$50,117k |