

City of Joondalup

Financial Activity Statement for the
Period Ended 31 December 2008

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**City of Joondalup
Financial Activity Statement
for the period ended 31 December 2008**

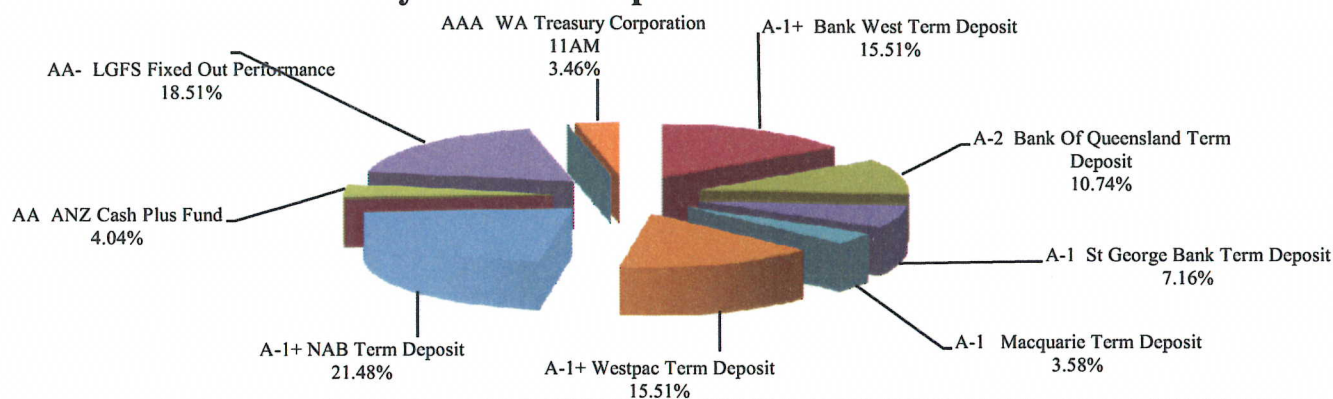
	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(61,129,616)	(60,777,880)	(60,770,744)	(7,136)	0%
Grants and Subsidies		(3,510,975)	(1,878,521)	(1,903,272)	24,751	(1)%
Contributions Reimbursements and Donations		(1,276,575)	(413,659)	(389,554)	(24,105)	6%
Profit on Asset Disposals	10	(2,015,189)	(201,155)	(105,185)	(95,970)	48%
Service Charges		-	-	-	-	0%
Fees and Charges	1	(24,729,963)	(19,329,083)	(18,775,730)	(553,353)	3%
Investment Earnings	2	(4,555,137)	(2,348,498)	(2,874,197)	525,699	(22)%
Other Revenue/Income		(94,800)	(47,400)	(57,374)	9,974	(21)%
Total Operating Revenue		(97,312,255)	(84,996,196)	(84,876,056)	(120,140)	0%
OPERATING EXPENSES						
Employee Costs		40,049,750	20,260,637	20,134,384	126,253	1%
Materials and Contracts	3	34,543,464	17,061,733	15,980,824	1,080,909	6%
Utilities (gas, electricity, water etc.)	4	3,319,031	1,659,865	1,537,771	122,095	7%
Depreciation of Non-Current Assets		16,524,473	8,290,482	8,477,656	(187,174)	(2)%
Loss on Asset Disposal	10	180,058	89,520	35,991	53,529	60%
Interest Expenses	5	303,861	153,175	87,408	65,767	43%
Insurance Expenses	6	1,210,641	1,175,609	1,062,214	113,395	10%
Other Expenses	7	70,000	-	(239,362)	239,362	100%
Total Operating Expenses		96,201,280	48,691,021	47,076,886	1,614,135	3%
(SURPLUS)/DEFICIT FROM OPERATIONS		(1,110,975)	(36,305,175)	(37,799,170)	1,493,995	(0)
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(16,524,473)	(8,290,482)	(8,477,656)	187,174	(2)%
Loss on Asset Disposal		(180,058)	(89,520)	(35,991)	(53,529)	60%
Profit on Asset Disposals		2,015,189	201,155	105,185	95,970	48%
OPERATING CASH (SURPLUS)/DEFICIT		(15,800,317)	(44,484,022)	(46,207,632)	1,723,610	(4)%
NON-OPERATING REVENUE						
Non-operating Capital Grants and Subsidies	8	(9,708,843)	(3,917,104)	(6,101,813)	2,184,709	(56)%
Acquired Infrastructure Assets		(6,085,000)	-	-	-	0%
Total Non-Operating Revenue		(15,793,843)	(3,917,104)	(6,101,813)	2,184,709	(56)%
CAPITAL EXPENDITURE						
Capital Projects	9	7,425,254	3,110,262	1,451,856	1,658,406	53%
Capital Works		24,218,100	8,222,404	7,926,583	295,821	4%
Motor Vehicle Replacements	10	4,200,139	2,713,677	1,511,396	1,202,281	44%
Loan Repayment Principal		651,146	-	-	-	0%
Total Capital Expenditure		36,494,639	14,046,343	10,889,835	3,156,508	22%
CAPITAL (SURPLUS)/DEFICIT		20,700,796	10,129,239	4,788,022	5,341,217	53%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,900,479	(34,354,783)	(41,419,610)	7,064,827	(21)%
FUNDING						
Proceeds from Disposal	10	(2,820,179)	(496,590)	(274,275)	(222,315)	45%
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)	(38,083,658)	(45,004,352)	6,920,694	(18)%

Investment Summary

CITY OF JOONDALUP
December-08

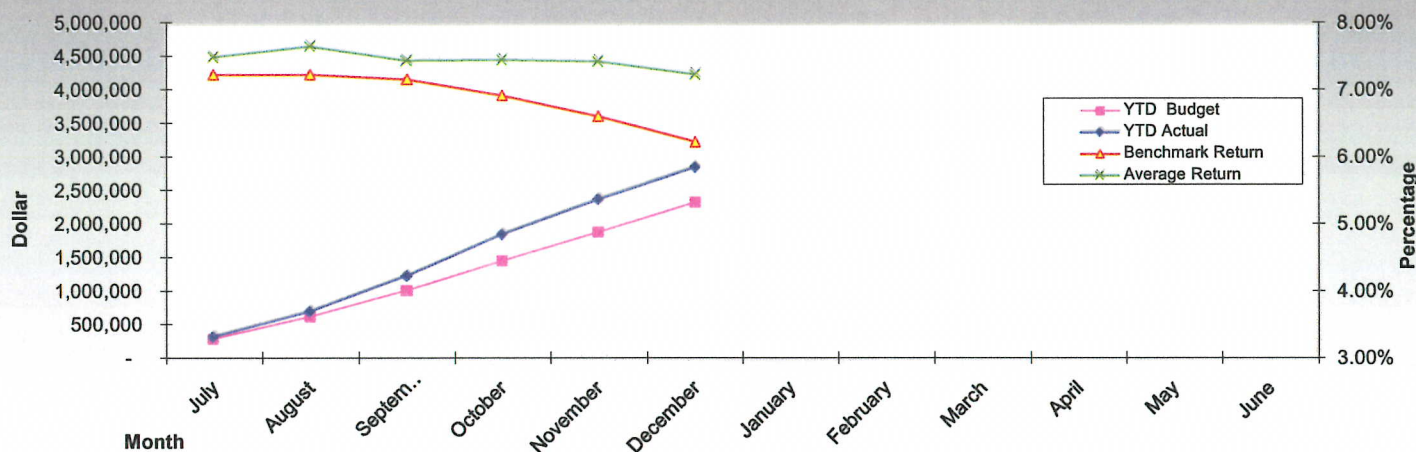
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ ANZ Term Deposit	0.00%	7.67%	\$ -	0.00%	20%
A-1+ Bank West Term Deposit	7.42%	7.82%	\$ 13,000,000	15.51%	20%
A-2 Bank Of Queensland Term Deposit	6.84%	7.69%	\$ 9,000,000	10.74%	10%
A-1 St George Bank Term Deposit	7.45%	7.53%	\$ 6,000,000	7.16%	15%
A-1 Macquarie Term Deposit	8.08%	8.08%	\$ 3,000,000	3.58%	15%
A-1+ Westpac Term Deposit	6.85%	7.22%	\$ 13,000,000	15.51%	20%
A-1+ NAB Term Deposit	7.82%	7.81%	\$ 18,000,000	21.48%	20%
A-1+ Westpac Bank Accepted Bills	0.00%	7.47%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	-4.85%	1.85%	\$ 3,383,151	4.04%	20%
AA- LGFS Fixed Out Performance	5.49%	7.61%	\$ 15,507,987	18.51%	20%
A-1+ Westpac 11AM	0.00%	7.15%	\$ -	0.00%	20%
AAA WA Treasury Corporation 11AM	4.33%	5.91%	\$ 2,902,000	3.46%	20%
Total Investment Portfolio	6.45%	7.25%	83,793,138	100.00%	
Municipal Funds			47,782,389		
Reserve Funds			36,010,749		
			83,793,138		

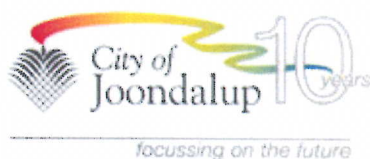
City of Joondalup - Investment Balances



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%

Return on Investments





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

1 Fees and Charges

a) Leisure Centre increase in revenues	\$110k
b) Refuse Charges	\$245k
c) Parking Fees	(\$521)k
d) Environmental Health Services – Immunisation	\$(89)k
e) Animal Registrations and Infringements	(\$52)k
f) Parking Infringements	\$(172)k
g) Other Hire Services, Fees and Charges	(74)k
	<u>(\$553)k</u>

- a) The increase in the Leisure Centre revenue is the net effect of Membership income being above budget including Community Facility bookings. This trend has been predicted to continue with a conservative overall increase in the budget review.
- b) The increase in refuse charge is due to under-estimating the number of chargeable properties in the original budget.
- c) Delays in the implementation of Fee-paid Parking project led to a net reduction in originally forecast revenue from parking, including infringements.
- d) The decrease in Environmental Health Services Immunisation Fees is due to lower demand in the primary and secondary school Immunisation Program.
- e) Animal Registrations and Infringements are below the budget, primarily in registrations, but this is expected to improve.
- f) Parking Infringements were impacted by the delay in implementation of the Fee-paid Parking project.
- g) Other Hire and Service Charges were lower than the budget, mainly in Building and Development Applications \$(89)k, partly offset by a number of other smaller variances.

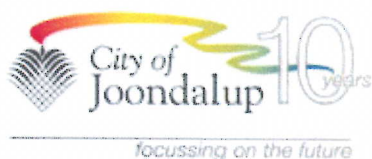
2 Investment Earnings

The total of interest earned in respect of investment income exceeded the budget by \$526k 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 7.25% compared to the estimated budget rate of 7.03% for the period.

3 Materials and Contracts

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

a) Waste Management Services	\$597k
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b) Plant, Furniture and Equipment	\$437k
c) External Service Expenses	\$(233)k
d) Contributions and Donations	\$(183)k
e) Other Materials	\$436K
Other Variances	\$27k
	<u>\$1,081k</u>

- a) Waste Management Services charges were below budget due to delays in receipt of paperwork from Wanneroo. In particular the December quarter payment for collection services for the MRF is to be processed in January and amounted to \$489k. Tonnage estimates for the year are expected to be higher than originally budgeted to be reflected in the Mid-Year Budget review.
- b) Plant, Furniture and Equipment, the variance is mainly due to delays in the purchase of domestic refuse and recycling bins of \$128k; equipment purchases for Parking Services \$100k and extended delivery times for the replacement of Community Furniture \$226k. Other variances reflect mainly timing differences which will be re-phased in the Mid-Year budget review.
- c) Over expenditure in External Service Expenses occurred in Community Safety \$(256)k for graffiti removal. In Engineering Maintenance external contractors were \$(166)k over the budget due to heightened levels of services in street cleaning and coastal footpaths during the period, plus unplanned road maintenance work. These variances were partly offset in Waste Management Services Tipping Fees \$151k, where paperwork was delayed to January, and a number of smaller variances below budget amounting to \$38k.
- d) Contributions and Donations were under the budget mainly in Waste Management Services where the contribution to MRF operating cost for December quarter of \$(196)k is to be processed in January. Other offsetting variances amounted to \$13k.
- e) The variance in Other Materials is due to under expenditure to budget primarily in roads Engineering Maintenance \$221k and Natural Areas and Parks \$172k, with the remaining variances of \$43k occurring generally in most areas.

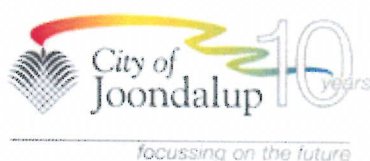
4 Utilities

The expenditure variance on utilities predominantly occurred in electricity lighting costs \$118k mainly for street lighting; car parks, medians and footpaths. Water charges were also lower than expected in the budget.

5 Interest Expenses

The original budget forecast that a loan of \$1.5 million would be obtained to fund the project to implement Fee Paid Parking in the CBD and incurring interest for the period of \$66k. This will be re-aligned in the Mid-Year budget review.

6 Insurance Expenses



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.

7 Other Expenses

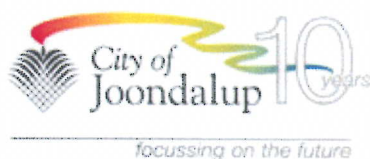
This variance is due to a prior year adjustment to the opening balance of the Refuse Debtors. This will be addressed during the mid-year budget review.

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	\$2,161k	\$1,628k	\$(533)k
d) Traffic Management	\$334k	\$338k	\$4k
e) Major Metro Roads Programme	\$1,362k	\$3,827k	\$2,465k
	<u>\$3,917k</u>	<u>\$6,102k</u>	<u>\$2,185k</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.
- c) The Road Preservation Programme has been impacted by earlier wet weather and therefore running behind budget. The Mid-Year Budget Review will incorporate work re-scheduling.
- d) Traffic Management grants received were now in line with the budget.
- e) Additional State Metro Roads Grants totaling \$2,327k were received for the Burns Beach Road East and West projects which were \$1,903k more than the budget, plus a variance of \$563 due to \$1,500k being received for the Connelly Drive - Burns Beach Road to McNaughton project, against a phased budget of only \$938k to December.

9 Capital Projects



	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$672k	\$187k	\$485k
b) Aquatic Facilities Upgrade - CLC	\$631k	\$88k	\$543k
c) Information Technology Projects	\$807k	\$227k	\$580k
d) Implementation of Fee Paid Parking	\$834k	\$803k	\$31k
Other variances – not material	\$166k	\$147k	\$19k
	\$3,110k	\$1,452k	\$1,658k

- a) Much of the planning and design work for the Ocean Reef Marina Development has been committed and actual expenditure is expected to align with the budget during the next six months.
- b) The Aquatic Facilities Upgrade at Craigie Leisure Centre was approved by Council in December and construction is due to commence in late January 2009.
- c) Information Technology Projects primarily include the next stage of the Library Management System \$60k, which is at the tender preparation stage; Redevelopment of the City's Website \$90, Network Infrastructure upgrade \$74k and Data Centre Upgrade \$80k and New Financial System \$332k, partly due to the final payment for Licences still to be billed and delays in the implementation of further modules. Many of the projects are in the early phases and are being impacted by contractor deliverables, technical problems or resolving design and specification issues.
- d) Implementation of Fee Paid Parking has progressed in accordance with the budget programme.

10 Motor Vehicle Replacement

Planned plant replacements of heavy vehicles are behind budget due to quotations delays and extended delivery times causing timing variances of purchases compared to the original budget. These delays impact the Profit or Loss on Asset Disposals reflected in the budget, together with Proceeds on Disposals. Plant affected includes two 8 tonne water trucks for \$340k each; two 4 tonne trucks and Dual Cabs \$310; a number of Utes amounting to \$446k and two Case Tractors \$80K.

11 Closing Funds

	Actual
Current Assets	
Cash Assets	\$85,046k
Rates and Sundry Debtors	\$14,724k
GST Receivable	\$1,324k
Accrued Income	\$1,289k
Advances and Prepayments	\$691k
	\$103,074k
Less: Current Liabilities	
Creditors	\$(11,359)k
Provisions	\$(5,648)k
Accrued Expenses	\$(3,851)k
Income in Advance	\$(831)k
GST Payable	\$(312)k
Other- Clearing	\$(59)k
	\$(22,060)k
Less: Restricted Assets	
Reserves	\$(36,010)k
Movement in Long Term Provisions	\$(0)k
Closing Funds	\$45,004k