

City of Joondalup

Financial Activity Statement for the
Period Ended 30 September 2009

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City of Joondalup
Financial Activity Statement
for the period ended 30 September 2009

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,545,321)	(63,715,961)	170,641	0%
Grants and Subsidies	1	(3,485,875)	(854,872)	(736,365)	(118,508)	(14)%
Contributions Reimbursements and Donations		(2,093,364)	(350,941)	(384,627)	33,686	10%
Profit on Asset Disposals		(98,335)	(12,666)	(10,815)	(1,851)	(15)%
Fees and Charges	2	(27,767,095)	(18,686,400)	(18,188,259)	(498,141)	(3)%
Investment Earnings	3	(2,193,760)	(464,832)	(783,929)	319,097	69%
Other Revenue/Income		(100,000)	(25,000)	(15,807)	(9,193)	(37)%
Total Operating Revenue		(99,433,749)	(83,940,032)	(83,835,762)	(104,270)	(0)%
OPERATING EXPENSES						
Employee Costs		41,641,592	11,381,232	11,400,843	(19,611)	(0)%
Materials and Contracts	4	39,052,324	9,630,033	8,806,858	823,176	9%
Utilities (gas, electricity, water etc.)	5	4,052,858	1,065,409	826,495	238,914	22%
Depreciation of Non-Current Assets	6	17,042,401	4,291,516	5,293,825	(1,002,310)	(23)%
Loss on Asset Disposal		107,515	22,881	8,612	14,269	62%
Interest Expenses		448,077	75,422	57,379	18,043	24%
Insurance Expenses	7	1,147,444	845,901	926,686	(80,786)	(10)%
Total Operating Expenses		103,492,211	27,312,394	27,320,698	(8,304)	(0)%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(56,627,637)	(56,515,064)	(112,574)	(0)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(4,291,516)	(5,293,825)	1,002,310	23%
Loss on Asset Disposal		(107,515)	(22,881)	(8,612)	(14,269)	(62)%
Profit on Asset Disposals		98,335	12,666	10,815	1,851	(15)%
OPERATING CASH (SURPLUS)/DEFICIT		(12,993,118)	(60,929,368)	(61,806,686)	877,318	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(12,888,838)	(5,564,940)	(1,974,607)	(3,590,333)	(65)%
Capital Contributions		(425,000)	-	-	-	-
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(5,564,940)	(1,974,607)	(3,590,333)	(65)%
CAPITAL EXPENDITURE						
Capital Projects	9	8,762,441	2,542,299	1,981,592	560,707	22%
Capital Works	10	30,036,541	11,366,574	4,423,930	6,942,644	61%
Motor Vehicle Replacements	11	1,326,000	238,000	682	237,318	100%
Loan Repayment Principal		1,152,466	158,655	158,655	-	0%
Equity Investments		-	-	7,516	(7,516)	(100)%
Total Capital Expenditure		41,277,448	14,305,528	6,572,376	7,733,153	54%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	8,740,588	4,597,768	4,142,820	47%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(52,188,780)	(57,208,917)	5,020,138	10%
FUNDING						
Proceeds from Disposal		(423,500)	(225,000)	(49,223)	(175,777)	(78)%
Loan Funds		(5,685,000)	-	-	-	-
Transfer from Reserve		(10,460,013)	-	-	-	-
Transfer to Reserve		2,055,415	-	-	-	-
Transfer to Accumulated Surplus		4,880,000	-	-	-	-
Opening Funds		(550,328)	(550,328)	(1,538,743)	988,415	
CLOSING FUNDS	12	(92,934)	(52,964,108)	(58,796,884)	5,832,776	11%

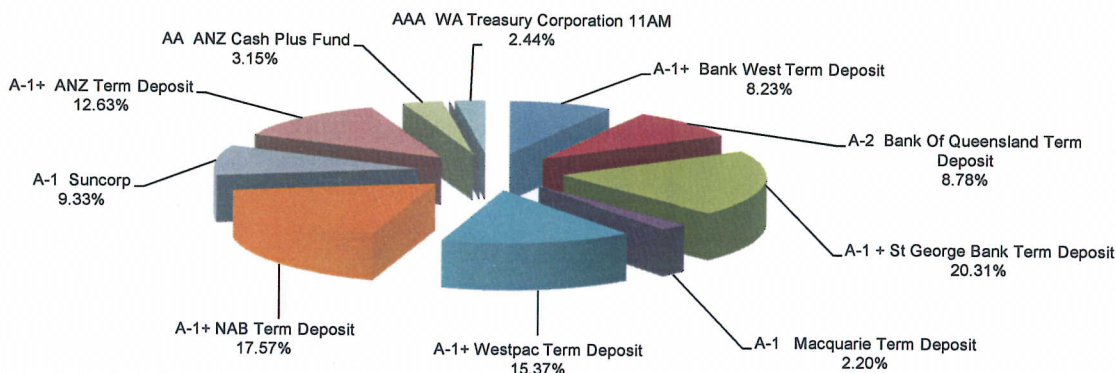


Investment Summary

CITY OF JOONDALUP
September-09

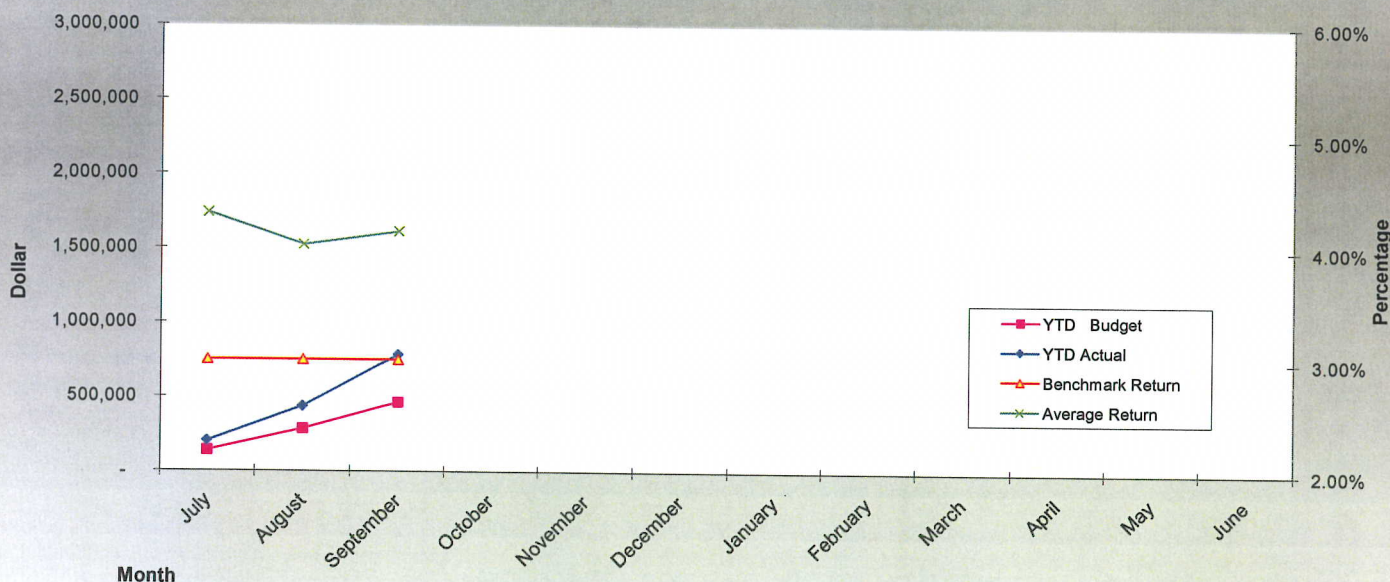
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.37%	4.22%	\$ 7,500,000	8.23%	20%
A-2 Bank Of Queensland Term Deposit	4.45%	4.44%	\$ 8,000,000	8.78%	10%
A-1 + St George Bank Term Deposit	4.35%	4.30%	\$ 18,500,000	20.31%	20%
A-1 Macquarie Term Deposit	4.65%	4.37%	\$ 2,000,000	2.20%	15%
A-1+ Westpac Term Deposit	4.18%	3.96%	\$ 14,000,000	15.37%	20%
A-1+ NAB Term Deposit	4.34%	4.26%	\$ 16,000,000	17.57%	20%
A-1 Suncorp	4.68%	4.54%	\$ 8,500,000	9.33%	15%
A-1+ ANZ Term Deposit	4.41%	4.42%	\$ 11,500,000	12.63%	20%
AA ANZ Cash Plus Fund	3.61%	2.95%	\$ 2,865,471	3.15%	20%
AA- LGFS Out Performance	4.45%	3.76%	\$ -	0.00%	20%
AAA WA Treasury Corporation 11AM	3.00%	3.00%	\$ 2,218,000	2.44%	20%
Total Investment Portfolio	4.31%	4.15%	91,083,471	100.00%	
Municipal Funds			50,972,066		
Reserve Funds			40,111,405		
			91,083,471		

City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July						
August	139,355	139,355	201,882	201,882	3.00%	4.31%
September	147,347	286,702	234,301	436,183	3.00%	4.03%
September	178,130	464,832	347,508	783,691	3.00%	4.15%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2009

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$738k	\$558K	\$(180k)
b) Other State & Commonwealth Grants & Subsidies	\$117k	\$178k	\$61K
	<hr/> \$855k	<hr/> \$736k	<hr/> \$(119k)

a) This variance is due to the revised payment schedule for the 2009/10 general purpose State Local Government Assistance Grant, the first payment was received in the 2008/09 financial year and reduced quarterly payments are to be received this year.

b) A grant of \$65k for a Club Development Officer within Recreation Services was received in the period which had been budgeted to be received in the last financial year. A number of smaller variances across the organisation make up the balance.

2. Fees & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$15,411k	\$14,883K	\$(528k)
b) Building & Development Fees	\$456k	\$574k	\$118K
c) Parking fees	\$420k	\$317k	\$(103k)
d) Fines & Penalties	\$306k	\$322k	\$16k
Various Fees - not material	\$2,093k	\$2,092k	\$(1k)
	<hr/> \$18,686k	<hr/> \$18,188k	<hr/> \$(498k)

a) A shortfall in Refuse Charges occurred due to the reduction of \$10 per collection service adopted by Council at a Special Meeting held on 7 July 2009, which was after the adoption of the Annual Budget.

b) Building and Development Fees variance is comprised mainly of Cash In Lieu of Parking received for 5 Davidson Terrace; \$81k, and \$44k from a higher than expected level of general building and development applications, partly offset by a number of smaller variances \$(7k).

c) Access by the public to parking in City North and areas adjacent to the Basketball Club are limiting the use of commuter parking in Lawley Court car park, which is affecting actual parking fees compared to budget.

d) The level of lodgements exceeded the budget for Fines and Penalties for Parking Infringements generating additional revenue of \$23k. Other variances across a range of areas partly offset this and were not material.



3. Investment Earnings

Investment income exceeded the budget by \$319k, this is due to higher funds invested being carried forward from 2008/09 and actual interest rates achieved being above budget.

4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$463k	\$667k	\$(204k)
b) Pub Relations, Advertising & Prom	\$259k	\$125k	\$134k
c) Contributions & Donations	\$503k	\$287k	\$216k
d) Furniture, Equipment and Artworks	\$339k	\$263k	\$76k
e) Travel, Vehicles & Plant	\$407k	\$349k	\$58k
f) External Service Expenses	\$4,020k	\$3,606k	\$414k
g) Service Charges from Other Councils	\$1,936k	\$1,789k	\$147k
Other Variances – Not material	\$1,703k	\$1,721k	\$(18k)
	<u>\$9,630k</u>	<u>\$8,807k</u>	<u>\$823k</u>

- a) Legal fees were \$(212k) over budget, including \$(229k) for the Turfmaster contractual dispute that was budgeted later in the year offset by \$10k for work on the Joondalup City Centre Structure Plan, which is now likely to occur in November. Consultancy expenditure is \$94k below budget mainly due to project delays including Burns Beach and Percy Doyle Master Plans. Lodgement Fees to the Fines Enforcement Registry for unpaid parking infringements are \$(49k) over budget, which is partly offset by higher Fines Enforcement Recovery revenue. The balance reflects expenses over budget in a number of areas.
- b) This variance includes General Advertising expenses \$54k, Catering \$21k and Promotions \$42k which are mainly due to the timing of events and programs.
- c) The Community Sport and Recreation Facilities Fund contributions are \$140k behind budget phasing, two key projects for community facilities and floodlighting are now delayed and are likely to occur early 2010. The balance of the variance includes Grant Disbursements \$30k, Donations & Sponsorships \$36k and Prizes & Trophies \$21k which are mainly due to the timing of programs and events and are forecast for later in the year.
- d) Plant and Equipment Maintenance and Repair costs are \$35k below budget for monthly servicing fees for the Parking Ticket Machines due to the late submission of supplier invoices. Computer & Communications Equipment purchases and repairs for Network Services are \$44k below budget, including printers \$11k that are ordered and awaiting delivery and the balance is due to budget phasing. The remaining variance also includes Equipment Hire \$13k which is spread across various operational areas.
- e) The variance on Travel, Vehicle and Plant running costs mainly relates to Fuel \$76k due to lower prices and usage than anticipated in the budget partially offset by Repairs and Servicing costs being \$(24k) over budget.



- f) External Contractors and Services costs were below budget for Natural Areas and Parks \$221k where scheduled work, including tree pruning under power lines and the turf maintenance installation program is still to occur, and Road and Footpath maintenance work was \$45k due to previous bad weather. Graffiti Removal costs were \$41k below budget, where the recently awarded tender has provided an advantageous rate compared to last year and, in addition, September was a particularly wet month which limited the amount of removal work. Waste Management external services are \$105k below budget mainly due to the timing of the receipt of invoices for Tipping Fees, however expenditure relating to Buildings is \$(68k) above budget with works being ahead of schedule. Other minor variances occurred across the City amounting to \$70k against budget.
- g) Waste Management charges from the City of Wanneroo have been estimated for August and September, actual invoices have yet to be received.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$962k	\$717k	\$245k
Water and Gas - not material	\$103k	\$109k	\$(6)k
	<u>\$1,065k</u>	<u>\$826k</u>	<u>\$239k</u>

- a) Electricity charges for Street Lighting \$47k, Parks \$92k and Leisure Centres \$27k are awaiting further invoices compared to the budget phasing. The remaining variance includes \$65k due to the estimated June accruals being overstated.

6. Depreciation of Non-Current Assets

Buildings were re-valued in 2008/09 and adjusted at the financial year end. Depreciation for the period has been calculated on the re-valued amounts which were not reflected in the budget giving a book variance of \$(936k).

7. Insurance Expenses

This variance mainly relates to Industrial Special Risk \$(55k) following property revaluation and Motor Vehicle Insurance \$(22k) due to the increased value of the plant fleet. The variance also includes an Insurance Excess \$(10k) for play equipment at Fraser Park that had to be replaced because of malicious damage.



8. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Seacrest Community Sport Facility	\$1,305k	-	\$(1,305k)
b) Video Surveillance Systems	\$250k	-	\$(250k)
c) Major Road Construction Program	\$2,164k	\$693k	\$(1,471k)
d) Traffic Management	\$569k	\$285k	\$(284k)
e) Road Preservation and Resurfacing Program	\$1,277k	\$996k	\$(281k)
	<u>\$5,565k</u>	<u>\$1,974k</u>	<u>\$(3,591k)</u>

- a) The City received 50% of the Seacrest Community Sport Facility grant, budgeted to be received in the 2009/10 financial year, in June 2009.
- b) The grant funding for the video surveillance system at Tom Simpson Park \$(100k) was budgeted to be received this year however it was actually received in the previous financial year. A further CCTV proposal is being developed for the remaining \$(150k).
- c) This variance mainly relates to Connolly Drive - Burns Beach Road to McNaughton Crescent \$(1,500k) for which the claim will be made in October.
- d) The Ocean Reef Drive - Craigie Drive Roundabout and the Whitfords / Endeavour Traffic Signals projects have been delayed and the second 40% claim for the State Black Spot funding cannot yet be claimed \$(234k); work on Ocean Reef Drive will commence in October. The remaining variance relates to Edgewater Drive \$(51k) which is a Main Roads reserve funded project which will be claimed in October.
- e) This variance includes \$(114k) due to the revised payment schedule for the 2009/10 State Local Roads Grant, the first payment was received in the 2008/09 financial year and reduced quarterly payments are to be received this year. The balance of \$(167k) is for grant recoups dependant on completed works which are behind schedule.

9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Video Surveillance System - Tom Simpson Park	\$100k	-	\$100k
b) Ocean Reef Marina Development	\$187k	\$79k	\$108k
c) Library Management System	\$170k	\$24k	\$146k
d) Small Trucks x 2	\$100k	-	\$100k
Other variances - not material	\$1,985k	\$1,878k	\$107k
	<u>\$2,542k</u>	<u>\$1,981k</u>	<u>\$561k</u>



- a) The proposal for the video surveillance system for Tom Simpson Park, Mullaloo, has been approved and orders have been placed. The system installation is scheduled to be completed by the end of November.
- b) The Ocean Reef Marina Community Consultation Report was presented to Council on 13 September 2009 who referred the report to the Ocean Reef Marina Community Reference Group for comment and input, after which a determination on progressing the project will be considered by Council.
- c) Equipment for the Library Management System was received in September as planned, with payment to follow shortly.
- d) The order for the two trucks for park maintenance is yet to be placed as specifications are currently being finalised, the delivery of the trucks is anticipated to be three months after the order is placed.

10. Capital Works

	YTD Budget	YTD Actual	Variance
a) Streetscape Enhancement	\$3,521k	\$1,216k	\$2,305k
b) Major Road Construction	\$3,718k	\$1,448k	\$2,270k
c) Road Preservation / Resurfacing	\$1,125k	\$559k	\$566k
d) Traffic Management	\$1,025k	\$35k	\$990k
e) Major Building Works	\$937k	\$302k	\$635k
Other Works variances - not material	\$1,041k	\$864k	\$177k
	<u>\$11,367k</u>	<u>\$4,424k</u>	<u>\$6,943k</u>

- a) This variance mainly relates to the West Coast Drive upgrade project \$2,127k where work is progressing and is anticipated to be completed in October. A tender for plants for other projects is currently being undertaken however the plants will not be available until 2010.
- b) The Major Roads Construction Program variance includes Connolly Drive - Burns Beach Road to McNaughton Crescent \$1,946k where work is progressing and is expected to be completed in October, however the variance is due to contractor claims being behind the budget phasing. There is also a variance of \$324k on the Burns Beach Road East project due to a tender for plants currently being undertaken however the plants will not be available until 2010.
- c) Overall the Road Preservation and Resurfacing program for 2009/10 has been set and work has commenced, however current weather conditions are causing delays. The Canham Way project \$160k is behind budget due to delays in the design phase.
- d) The variance in Traffic Management projects is subject to the timing of the design and construction documentation. Projects include Canham Way \$134k which is in the design phase and Kingsley Drive \$191k which is yet to commence. The remaining variance includes Ocean Reef Drive \$205k which is due to commence works in October and Whitfords / Endeavour Traffic Signals \$170k which is still in design phase.



- e) The Regional Local Community Infrastructure Projects \$655k, Guy Daniels Clubrooms \$50k and Marmion Beach Toilets Connection to Sewer \$30k are in progress and all funds will be expended. This variance is partly offset by projects budgeted in 2008/09 commencing late and expenditure actually being incurred in 2009/10 including Refurbishment of Community Facilities \$(51k) and Grove Child Care Centre \$(28k).

11. Motor Vehicle Replacement

Motor Vehicle Replacement is behind budget mainly due to delays in vehicle specifications, some vehicles are now on order with expenditure anticipated to be on budget by the end of the next quarter.

12. Closing Funds

	Actual
Current Assets	
Cash Assets	\$91,092k
Rates and Sundry Debtors	\$28,151k
GST Receivable	\$733k
Accrued Income	\$933k
Advances and Prepayments	\$520k
	\$121,429k
Less: Current Liabilities	
Creditors	\$(1,538k)
Provisions - Annual Leave	\$(3,012k)
Provisions - Other	\$(4,782k)
Accrued Expenses	\$(3,888k)
Borrowings	\$(489k)
Income in Advance	\$(8,372k)
GST Payable	\$(145k)
Other- Clearing	\$(80k)
	\$(22,306)k
Net Current Assets	\$99,123k
Add: Borrowings	\$489k
Less: Restricted Assets	\$(40,258k)
Closing Funds - Surplus	\$59,354k
Adjustments to closing funds	\$(557k)
Adjusted Closing Funds - Surplus	\$58,797k

