

# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 October 2009

# Contents

# Appendix

Financial Activity Statement	1
Investment Summary	2
Notes to and Forming Part of the Financial Activity Statement	3



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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(63,695,321)	(63,500,321)	(63,822,456)	322,136	1%
Grants and Subsidies	1	(3,485,875)	(898,690)	(734,776)	(163,914)	(18)%
Contributions Reimbursements and Donations		(2,093,364)	(436,046)	(469,926)	33,880	8%
Profit on Asset Disposals		(98,335)	(12,666)	(42,982)	30,316	239%
Fees and Charges	2	(27,767,095)	(19,722,650)	(19,183,824)	(538,826)	(3)%
Investment Earnings	3	(2,193,760)	(669,115)	(1,134,850)	465,735	70%
Other Revenue/Income		(100,000)	(33,333)	(23,720)	(9,614)	(29)%
<b>Total Operating Revenue</b>		<b>(99,433,749)</b>	<b>(85,272,821)</b>	<b>(85,412,534)</b>	<b>139,713</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs		41,641,592	14,791,313	14,969,198	(177,885)	(1)%
Materials and Contracts	4	39,052,324	12,564,202	11,378,125	1,186,076	9%
Utilities (gas, electricity, water etc.)	5	4,052,858	1,388,557	1,200,130	188,427	14%
Depreciation of Non-Current Assets	6	17,042,401	5,720,410	7,060,064	(1,339,654)	(23)%
Loss on Asset Disposal		107,515	28,529	11,184	17,345	61%
Interest Expenses		448,077	100,563	83,701	16,862	17%
Insurance Expenses	7	1,147,444	1,094,264	1,175,929	(81,665)	(7)%
<b>Total Operating Expenses</b>		<b>103,492,211</b>	<b>35,687,838</b>	<b>35,878,333</b>	<b>(190,494)</b>	<b>(1)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>4,058,462</b>	<b>(49,584,983)</b>	<b>(49,534,201)</b>	<b>(50,781)</b>	<b>(0)%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets	6	(17,042,401)	(5,720,410)	(7,060,064)	1,339,654	23%
Loss on Asset Disposal		(107,515)	(28,529)	(11,184)	(17,345)	(61)%
Profit on Asset Disposals		98,335	12,666	42,982	(30,316)	239%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(12,993,118)</b>	<b>(55,321,256)</b>	<b>(56,562,468)</b>	<b>1,241,212</b>	<b>2%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	8	(12,888,838)	(6,405,473)	(3,386,242)	(3,019,231)	(47)%
Capital Contributions		(425,000)	-	(1,818)	1,818	100%
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(18,193,838)</b>	<b>(6,405,473)</b>	<b>(3,388,060)</b>	<b>(3,017,413)</b>	<b>53%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	9	8,762,441	3,450,111	2,924,245	525,866	15%
Capital Works	10	30,036,541	13,741,056	6,630,626	7,110,430	52%
Motor Vehicle Replacements	11	1,326,000	304,000	682	303,318	100%
Loan Repayment Principal		1,152,466	178,802	178,802	-	0%
Equity Investments		-	-	7,516	(7,516)	(100)%
<b>Total Capital Expenditure</b>		<b>41,277,448</b>	<b>17,673,970</b>	<b>9,741,872</b>	<b>7,932,098</b>	<b>45%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>23,083,610</b>	<b>11,268,497</b>	<b>6,353,811</b>	<b>4,914,685</b>	<b>44%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>10,090,492</b>	<b>(44,052,759)</b>	<b>(50,208,656)</b>	<b>6,155,897</b>	<b>14%</b>
<b>FUNDING</b>						
Proceeds from Disposal		(423,500)	(225,000)	(117,769)	(107,231)	(48)%
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	
<b>CLOSING FUNDS</b>	12	<b>(92,934)</b>	<b>(44,828,087)</b>	<b>(51,865,168)</b>	<b>7,037,081</b>	<b>16%</b>

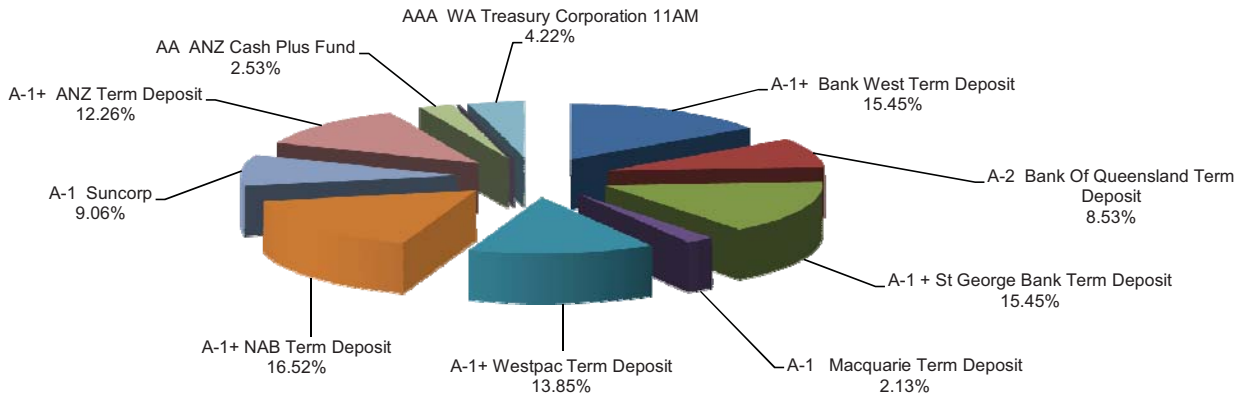


# Investment Summary

**CITY OF JOONDALUP**  
October-09

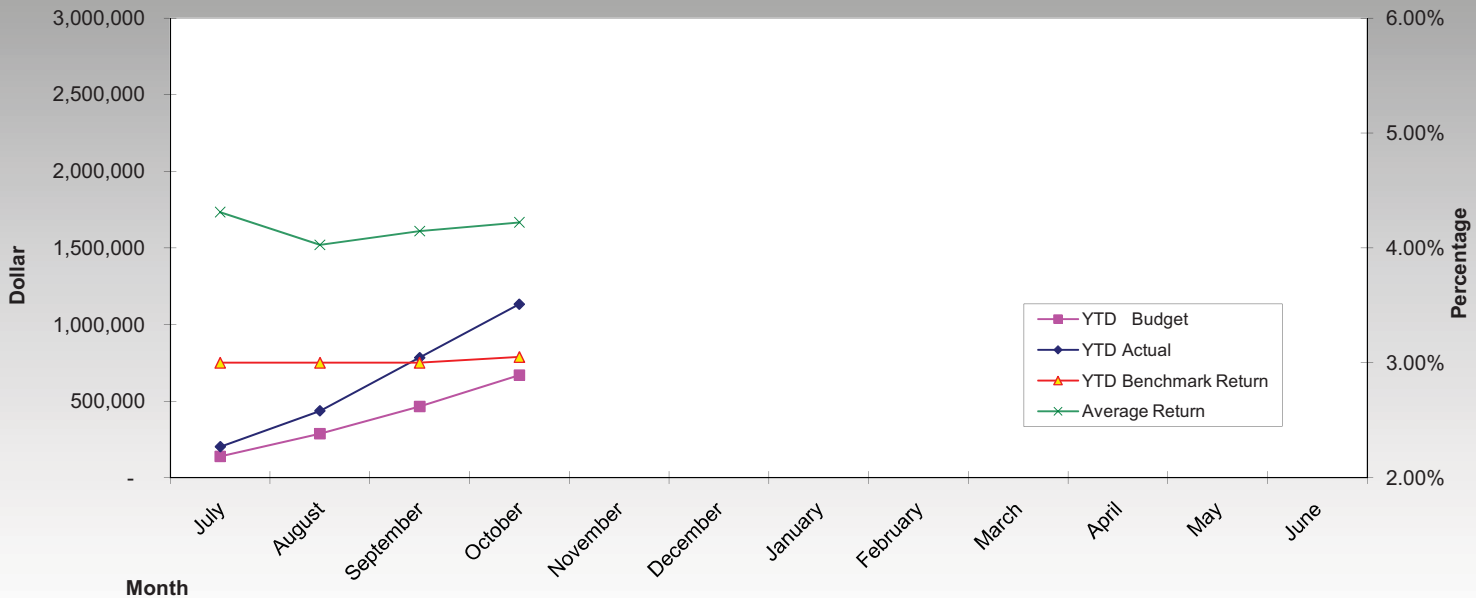
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.63%	4.38%	\$ 14,500,000	15.45%	20%
A-2 Bank Of Queensland Term Deposit	4.45%	4.44%	\$ 8,000,000	8.53%	10%
A-1 + St George Bank Term Deposit	4.36%	4.32%	\$ 14,500,000	15.45%	20%
A-1 Macquarie Term Deposit	4.65%	4.44%	\$ 2,000,000	2.13%	15%
A-1+ Westpac Term Deposit	4.36%	4.07%	\$ 13,000,000	13.85%	20%
A-1+ NAB Term Deposit	4.47%	4.32%	\$ 15,500,000	16.52%	20%
A-1 Suncorp	4.73%	4.60%	\$ 8,500,000	9.06%	15%
A-1+ ANZ Term Deposit	4.41%	4.42%	\$ 11,500,000	12.26%	20%
AA ANZ Cash Plus Fund	3.80%	3.15%	\$ 2,377,016	2.53%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	3.21%	3.05%	\$ 3,957,000	4.22%	20%
<b>Total Investment Portfolio</b>	<b>4.40%</b>	<b>4.22%</b>	<b>93,834,016</b>	<b>100.00%</b>	
<b>Municipal Funds</b>			53,726,771		
<b>Reserve Funds</b>			40,107,245		
			<b>93,834,016</b>		

## City of Joondalup - Investment Balances



Month	MTD Budget		YTD Budget		MTD Actual	YTD Actual	YTD Benchmark Return	Average Return
<b>July</b>		139,355	139,355		201,882	201,882	3.00%	4.31%
<b>August</b>		147,347	286,702		234,301	436,183	3.00%	4.03%
<b>September</b>		178,130	464,832		347,508	783,691	3.00%	4.15%
<b>October</b>		204,283	669,115		349,767	1,133,458	3.05%	4.22%

## Return on Investments





**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDED ON 31 OCTOBER 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 – Not material	\$161k	\$177k	\$16K
	<u>\$899k</u>	<u>\$735k</u>	<u>\$(164k)</u>

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. This has been partially offset by variances on the Eco Business grant \$(20k) which has been received in November and a Community Safety grant \$(17k) which has not yet been applied for. 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	\$608k	\$754k	\$146k
c) Parking fees	\$561k	\$415k	\$(146k)
Various Fees - not material	\$3,143k	\$3,132k	\$(11k)
	<u>\$19,723k</u>	<u>\$19,184k</u>	<u>\$(539k)</u>

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, following the adoption of the Annual Budget.

b) Building and Development Fees variance is comprised mainly of Cash In Lieu of Parking received against budget phasing \$48k, and \$42k from a higher than expected level of general building and development applications. Fees are also higher than budgeted for Building Licenses \$39k and Land Purchase Enquiries \$21k.

c) Parking fee income is below expectations contributed by the availability of free parking in locations such as City North, Basketball Stadium and Lakeside Shopping Centre.



### 3. Investment Earnings

Investment income exceeded the budget by \$466k, this is due to higher funds invested being carried forward from 2008/09 and higher interest rates achieved resulting from the increase in official cash rate subsequent to the adoption of the budget.

### 4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$603k	\$749k	\$(146k)
b) Pub Relations, Advertising & Prom	\$349k	\$150k	\$199k
c) Contributions & Donations	\$617k	\$368k	\$249k
d) Furniture, Equipment and Artworks	\$453k	\$350k	\$103k
e) External Service Expenses	\$5,517k	\$5,044k	\$473k
f) Service Charges from Other Councils	\$2,377k	\$2,131k	\$246k
Other Variances – Not material	\$2,648k	\$2,586k	\$62k
	<u>\$12,564k</u>	<u>\$11,378k</u>	<u>\$1,186k</u>

- a) Legal fees were above budget, mainly comprising \$(223k) in relation to the Turfmaster contractual dispute phased to occur later in the year, and partly offset by Rates recovery legal fees \$47k expected to increase in November. Consultancy expenditure is below budget including Burns Beach and Percy Doyle Master Plans, which are in the early stage of their development \$85K, and Sump testing outstanding \$22k, offset by various smaller amounts such as Road Safety audits and Traffic Management studies \$(28k). Lodgement Fees for unpaid parking infringements are \$(58k) over budget, partly offset by higher Fines Enforcement Recovery revenue. The balance consists of various smaller variances in a range of areas.
- b) This variance occurred in General Advertising expenses \$102k, Promotions \$52k and Catering \$28k. General Advertising and Promotions includes a range of expenses associated with advertising brochures, publications and notices of various events both City wide and locally, e.g. at Leisure Centres and Libraries. The timing of events and programs are expected to approximate the budget in future periods.
- c) The Community Sport and Recreation Facilities Fund contributions are \$172k behind budget, from delays in projects for club facilities and floodlighting which are now likely to occur early in 2010. Also there is a variance of \$20k for the annual contribution to the Small Business Centre - North West Metro, which was phased monthly but is expected to be paid in December. The other variances include Grant Disbursements \$40k, relating to community safety and emergency services, Donations & Sponsorships \$49k, Scholarships \$10k and Prizes & Trophies \$22k forecast later in the year and depend on timing of programs and events. A payment of \$(72k) for FESA ESL on the City's properties budgeted later in the year partly offset the favorable variances.
- d) Computer & Communications Equipment purchases and repairs for Network Services are \$44k below budget due mainly to delivery lead times or timing of



placement of orders. The remaining variance mainly consists of Equipment Hire \$14k, related to timing of festivals, Plant and Equipment Maintenance \$15k and Computer Repair costs \$22k which occur on a demand basis or are scheduled and spread across operational areas.

- e) External Contractors and Services costs were below budget predominantly in Natural Areas and Parks \$480k, with less demand being experienced for most operational activities. Areas producing the largest savings were tree-pruning where pro-active inspections of trees resulted in less pruning under power lines being required. Better results from turf maintenance programs than expected, such as fertilising and vertimowing, resulted in less renovation work than budgeted. Irrigation bore pump and controller maintenance was also lower than expected. The budget costs will be reviewed in the Mid-year Budget Review. Expenditure relating to Buildings is \$(155k) above budget with works being ahead of schedule. However the timing of the receipt of invoices for Tipping Fees are \$137k below budget. Other minor variances occurred across the City amounting to \$11k against budget.
- f) Waste Management charges from the City of Wanneroo have been estimated for October as actual invoices are yet to be received.

#### 5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,283k	\$1,079k	\$204k
Water and Gas - not material	\$105k	\$121k	\$(16)k
	<u>\$1,388k</u>	<u>\$1,200k</u>	<u>\$188k</u>

- a) Electricity charges for Parks \$124k and Leisure Centres \$18k are awaiting further invoices. 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 end of the previous financial year. Depreciation for the period has been calculated on the re-valued amounts which were not reflected in the budget giving a book variance of \$(1,252k).

#### 7. Insurance Expenses

This variance mainly relates to Industrial Special Risk \$(54k) 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	\$2,914k	\$2,193k	\$(721k)
d) Traffic Management	\$660k	\$285k	\$(375k)
e) Road Preservation and Resurfacing Program	\$1,276k	\$908k	\$(368k)
	<u>\$6,405k</u>	<u>\$3,386k</u>	<u>\$(3,019k)</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) covering mainly McNaughton and the Skate Parks, Kinross.
- c) This variance mainly relates to Connolly Drive - Burns Beach Road to McNaughton Crescent \$(750k) for which the final claim is yet to be made.
- d) State Black Spot funding claims are behind budget due to delays on the Ocean Reef Drive - Craigie Drive Roundabout \$(180k), Whitfords / Endeavour Traffic Signals \$(80k), Canham Way \$(36k) and Gradient Way \$(28k) projects. The remaining variance relates to Edgewater Drive \$(51k) which is a Main Roads reserve funded project which has been claimed and payment is due in November.
- 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 \$(254k) is for grant recoups dependant on completed works which are behind schedule.





## 9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Aquatic Facilities Upgrade - CLC	\$1,989k	\$2,316k	\$(327k)
b) Video Surveillance Systems	\$250k	\$1k	\$249k
c) Ocean Reef Marina Development	\$250k	\$100k	\$150k
d) Joondalup City Centre Commercial Office Development	\$125k	\$21k	\$104k
e) Small Trucks x 2	\$100k	-	\$100k
f) Cultural Facility	\$106k	\$14k	\$92k
g) Library Management System	\$170k	\$113k	\$57k
h) Cat Holding Facility	\$40k	-	\$40k
Other variances - not material	\$420k	\$359k	\$61k
	<u>\$3,450k</u>	<u>\$2,924k</u>	<u>\$526k</u>

- a) The development of the 50 meter pool at Craigie Leisure Centre is progressing well and is expected to be completed on time and on budget.
- b) The video surveillance system installation at Tom Simpson Park, Mullaloo, \$99k, was completed in October and system programming is in progress, however invoices are yet to be processed. The remaining \$150k is dependant on grant funding being received (see 8b above).
- c) The Ocean Reef Marina Community Consultation Report was presented to Council on 13 September 2009 and was referred to the Ocean Reef Marina Community Reference Group. Members of this group need to be reappointed by Council, and their input and comments will be referred back to Council for determination on progressing the project.
- d) It is anticipated that details of the project will be submitted to the next Strategic Financial Management Committee meeting for consideration.
- e) Specifications for the park maintenance trucks have been finalised, an order for one truck \$50k is due to be placed in November, however the second truck requires additional funding which is currently being sought.
- f) It is anticipated that details of the project will be submitted to the next Strategic Financial Management Committee meeting for their consideration.
- g) The Library Management System project is progressing, with further equipment expected to be delivered in November.
- h) The Cat Holding Facility is no longer required as the Cats Local Law was disallowed in September by the Legislative Council, this will be removed at the Mid Year Review



## 10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Streetscape Enhancement	\$3,842k	\$2,292k	\$1,550k
b) Major Road Construction	\$4,071k	\$2,004k	\$2,067k
c) Road Preservation / Resurfacing	\$1,525k	\$761k	\$764k
d) Traffic Management	\$1,527k	\$59k	\$1,468k
e) Parks Play Equipment Program	\$695k	\$431k	\$264k
f) Major Building Works	\$1,066k	\$370k	\$696k
Other Works variances - not material	\$1,015k	\$714k	\$301k
	<u>\$13,741k</u>	<u>\$6,631k</u>	<u>\$7,110k</u>

- a) This variance mainly relates to the West Coast Drive upgrade project \$1,085k where work is nearly complete, however invoices are yet to be processed. 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 \$1,410k, which is complete except for work to be done on the traffic lights by Western Power, the variance is due to contractor claims that are still to be received. There is also a variance of \$657k 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 past weather conditions have caused delays with the program. 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 and Whitfords / Endeavour Traffic Signals \$166k are still in the design phase and Kingsley Drive \$191k which is yet to commence. Work on the Ocean Reef Drive \$409k project commenced in October later than anticipated in the budget.
- e) Works on the Revegetation of Sumps \$106k and Turf Improvements at Chichster Park \$75k have commenced, however payments are behind budget. The Iluka Beach Shelter \$80k is awaiting State Planning permission and is now anticipated to commence in June 2010.
- f) The Regional Local Community Infrastructure Projects \$655k, Guy Daniels Clubrooms \$50k and Marmion Beach Toilets Connection to Sewer \$33k are in progress and all funds will be expended. The concrete repairs to the administration building \$86k are being procured and work will commence in January 2010. These variances are 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

	<b>Actual</b>
<b>Current Assets</b>	
Cash Assets	\$95,089k
Rates and Sundry Debtors	\$18,066k
GST Receivable	\$680k
Accrued Income	\$1,051k
Advances and Prepayments	\$512k
	<b>\$115,398k</b>
<b>Less: Current Liabilities</b>	
Creditors	\$(2,059k)
Provisions - Annual Leave	\$(3,000k)
Provisions - Other	\$(4,913k)
Accrued Expenses	\$(3,935k)
Borrowings	\$(469k)
Income in Advance	\$(8,375k)
GST Payable	\$(240k)
Other- Clearing	\$(184k)
	<b>\$(23,175k)</b>
<b>Net Current Assets</b>	<b>\$92,223k</b>
<b>Less: Restricted Assets</b>	<b>\$(40,258k)</b>
<b>Closing Funds - Surplus</b>	<b>\$51,965k</b>
<b>Non Current adjustments to closing funds</b>	
Less: Provision for LSL Non-current	\$(83k)
Less: Equity Investment MRC	\$(1k)
Less: Other Adjustments	\$(16k)
<b>Adjusted Closing Funds - Surplus</b>	<b>\$51,865k</b>