



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 December 2009

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,630,321)	(64,006,889)	376,569	1%
Grants and Subsidies	1	(3,485,875)	(1,671,024)	(1,374,272)	(296,752)	(18)%
Contributions Reimbursements and Donations	2	(2,093,364)	(1,284,482)	(920,760)	(363,721)	(28)%
Profit on Asset Disposals		(98,335)	(83,761)	(59,959)	(23,802)	(28)%
Fees and Charges		(27,767,095)	(21,880,490)	(21,675,746)	(204,744)	(1)%
Investment Earnings	3	(2,193,760)	(1,075,562)	(1,840,749)	765,187	71%
Other Revenue/Income		(100,000)	(50,000)	(48,193)	(1,807)	(4)%
Total Operating Revenue		(99,433,749)	(89,675,639)	(89,926,568)	250,929	0%
OPERATING EXPENSES						
Employee Costs		41,641,592	21,610,246	21,596,142	14,104	0%
Materials and Contracts	4	39,052,324	19,225,167	17,780,062	1,445,106	8%
Utilities (gas, electricity, water etc.)	5	4,052,858	2,064,262	1,666,171	398,091	19%
Depreciation of Non-Current Assets	6	17,042,401	8,560,981	10,561,290	(2,000,309)	(23)%
Loss on Asset Disposal		107,515	53,091	19,818	33,273	63%
Interest Expenses		448,077	150,844	112,035	38,809	26%
Insurance Expenses	7	1,147,444	1,106,529	1,184,246	(77,717)	(7)%
Other Expenses		-	-	867	(867)	(100)%
Total Operating Expenses		103,492,211	52,771,121	52,920,631	(149,511)	(0)%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(36,904,518)	(37,005,936)	101,418	0%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(8,560,981)	(10,561,290)	2,000,309	23%
Loss on Asset Disposal		(107,515)	(53,091)	(19,818)	(33,273)	(63)%
Profit on Asset Disposals		98,335	83,761	59,959	23,802	(28)%
OPERATING CASH (SURPLUS)/DEFICIT		(12,993,118)	(45,434,829)	(47,527,086)	2,092,257	5%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(12,888,838)	(8,601,181)	(4,384,153)	(4,217,028)	(49)%
Capital Contributions	9	(425,000)	(425,000)	(29,731)	(395,269)	(93)%
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(9,026,181)	(4,413,884)	(4,612,297)	(142)%
CAPITAL EXPENDITURE						
Capital Projects		8,762,441	5,083,188	5,229,576	(146,388)	(3)%
Capital Works	10	30,036,541	18,209,378	10,792,241	7,417,137	41%
Motor Vehicle Replacements	11	1,326,000	941,000	218,749	722,251	77%
Loan Repayment Principal		1,152,466	319,432	319,432	-	0%
Equity Investments		-	-	15,303	(15,303)	(100)%
Total Capital Expenditure		41,277,448	24,552,998	16,575,301	7,977,697	32%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	15,526,817	12,161,417	3,365,400	22%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(29,908,013)	(35,365,669)	5,457,657	18%
FUNDING						
Proceeds from Disposal		(423,500)	(372,000)	(173,717)	(198,283)	(53)%
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)	(30,830,341)	(37,078,129)	6,247,789	20%

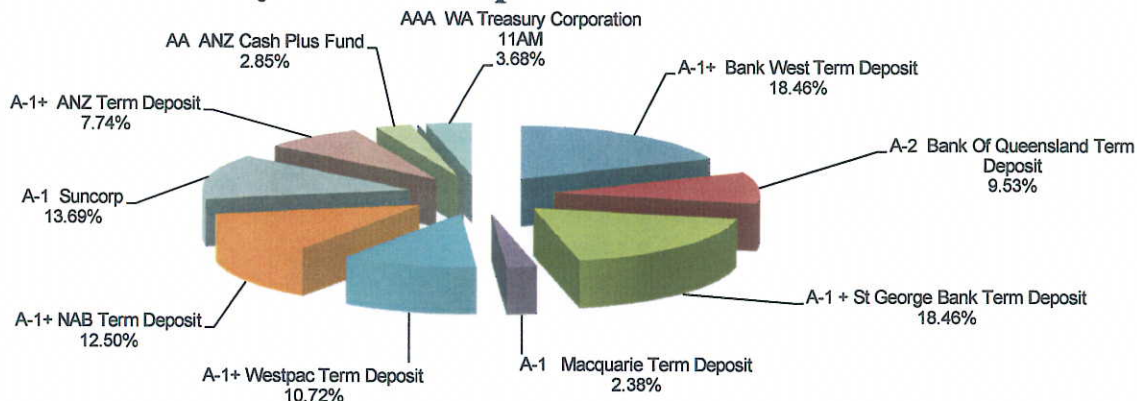


Investment Summary

CITY OF JOONDALUP
December-09

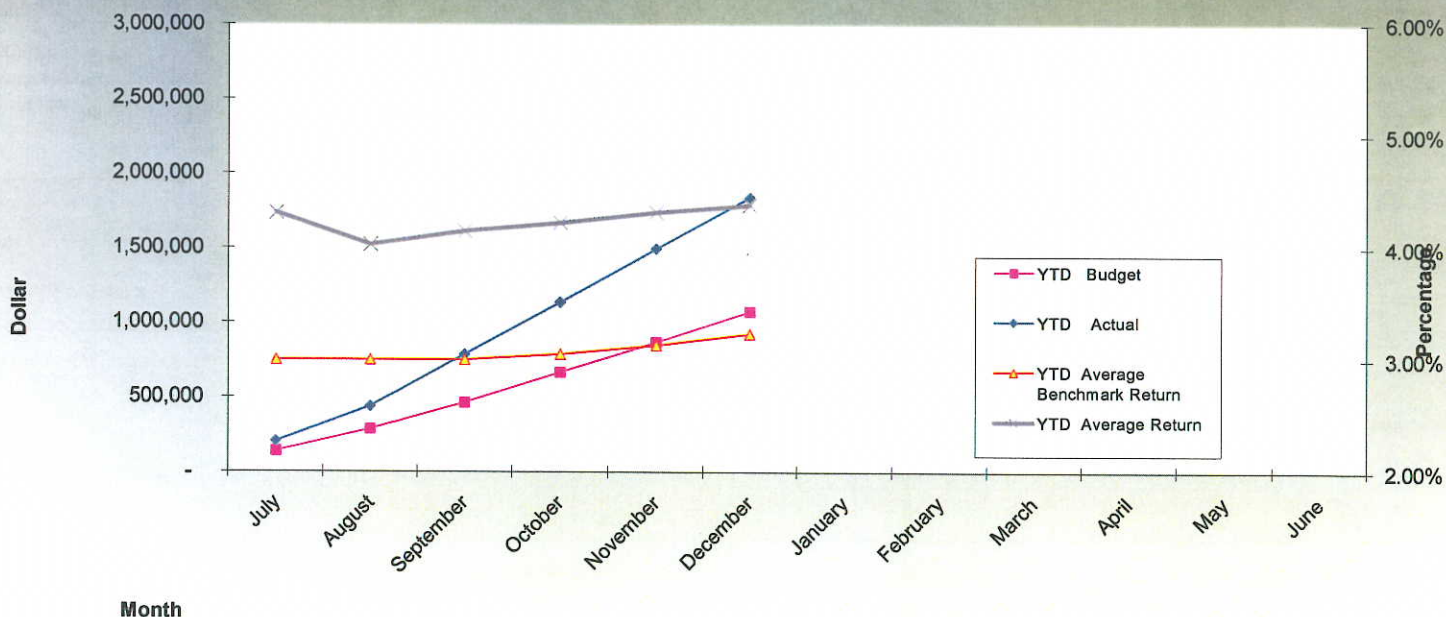
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.84%	4.62%	\$ 15,500,000	18.46%	20%
A-2 Bank Of Queensland Term Deposit	5.07%	4.58%	\$ 8,000,000	9.53%	10%
A-1 + St George Bank Term Deposit	4.52%	4.37%	\$ 15,500,000	18.46%	20%
A-1 Macquarie Term Deposit	4.65%	4.51%	\$ 2,000,000	2.38%	15%
A-1+ Westpac Term Deposit	4.48%	4.19%	\$ 9,000,000	10.72%	20%
A-1+ NAB Term Deposit	4.52%	4.37%	\$ 10,500,000	12.50%	20%
A-1 Suncorp	5.09%	4.77%	\$ 11,500,000	13.69%	15%
A-1+ ANZ Term Deposit	4.48%	4.43%	\$ 6,500,000	7.74%	20%
AA ANZ Cash Plus Fund	5.56%	4.25%	\$ 2,397,571	2.85%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	3.75%	3.23%	\$ 3,090,000	3.68%	20%
Total Investment Portfolio	4.69%	4.38%	83,987,571	100.00%	
Municipal Funds			43,956,314		
Reserve Funds			40,031,257		
			<u>83,987,571</u>		

City of Joondalup - Investment Balances



Month	MTD Budget	MTD Actual	YTD Budget	YTD Actual	YTD Average Benchmark Return	YTD Average Return
July	139,355	201,882	139,355	201,882	3.00%	4.31%
August	147,347	234,301	286,702	436,183	3.00%	4.03%
September	178,130	347,508	464,832	783,691	3.00%	4.15%
October	204,283	349,767	669,115	1,133,458	3.05%	4.22%
November	200,066	359,509	869,181	1,492,967	3.13%	4.32%
December	206,381	346,355	1,075,562	1,839,322	3.23%	4.38%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 DECEMBER 2009

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$1,477k	\$1,117k	\$(360k)
b) Other State & Commonwealth Grants & Subsidies	\$194k	\$257k	\$63k
	<u>\$1,671k</u>	<u>\$1,374k</u>	<u>\$(297k)</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 will be received this year.
- b) Grants of \$65k for a Club Development Officer within Recreation Services and \$29k for Eco Business were received which had been budgeted to be received in the previous year. A provisional amount for a Community Safety Video Surveillance grant \$(25k) was provided in the budget which is no longer available and will be deleted in the Mid-Year Review.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$120k	\$120k
b) Legal Fees Recoverable	\$601k	\$55k	\$(546k)
c) Sale of Recyclable Materials - MRF	\$481k	\$390k	\$(91k)
d) Miscellaneous Reimbursements	\$22k	\$119k	\$97k
e) Utility Charge	\$42k	\$112k	\$70k
f) Reinstatement of Works	\$70k	\$2k	\$(68k)
g) Sponsorships	\$5k	\$45k	\$40k
Other Contributions, Reimbursements & Donations	\$63k	\$77k	\$14k
	<u>\$1,284k</u>	<u>\$920k</u>	<u>\$(364k)</u>

- a) The Insurance Reimbursements variance includes a Workers Compensation Claims Experience Bonus \$66k and \$39k in settlement of a claim for an Isuzu Dual Cab vehicle previously written off.
- b) This variance relates to the Turfmaster contractual dispute \$(500k) which is dependent on the matter coming to trial. Also the number of recovery actions for the collection of Rates \$(46k) is below budget, but matched by lower legal expenses incurred.



- c) The Sale of Recyclable Materials has not matched expected volumes or market price projections.
- d) This variance includes an unbudgeted contribution of \$68k from Main Roads WA for maintenance on Marmion Avenue Median, Beach Road to Ocean Reef Road, for the periods July 2004 to June 2008 and the September quarter of the current year to June 2010. The charges for the 2009 financial year are currently being determined. The remaining balance consists of a number of smaller variances spread across various areas.
- e) Following a review of the property agreements there are increased recoveries of utility and property charges on the City's buildings.
- f) Actual Reinstatement of Works normally conducted on behalf of utility providers is below the level anticipated in the budget.
- g) Sponsorships for the Valentines Concert event were received earlier than budgeted.

3. Investment Earnings

Investment income exceeded the budget by \$765k due to a greater volume of funds invested, including funds carried forward from 2008/09, and higher interest rates following the increase in official cash rate subsequent to the budget adoption.

4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$842k	\$1,040k	\$(198k)
b) Public Relations, Advertising & Prom	\$523k	\$349k	\$174k
c) Contributions & Donations	\$1,042k	\$591k	\$451k
d) Furniture, Equipment and Artworks	\$752k	\$565k	\$187k
e) External Service Expenses	\$8,404k	\$7,883k	\$521k
f) Service Charges from Other Councils	\$3,871k	\$3,694k	\$177k
Other Variances – Not material	\$3,791k	\$3,658k	\$133k
	<u>\$19,225k</u>	<u>\$17,780k</u>	<u>\$1,445k</u>

- a) Major variances above budget are Legal Fees \$(330k) and Lodgement Fees \$(71k), partly offset by Rates recovery legal fees being \$46k lower than budgeted due to fewer recovery actions. Legal fees incurred are predominantly in relation to the ongoing Turfmaster contractual dispute. Lodgement fees are for unpaid parking infringements in the prior year and are partly offset by Fines Enforcement revenue. Consultancy expenditure is \$149k below budget, mainly in Recreation Services



\$135k for Burns Beach, Edgewater Quarry and Percy Doyle Master Plans which are in the preliminary planning stages, Sump Testing \$32k and Traffic Monitoring \$(37k) which is phased later in the budget. Timing differences of license fees in Leisure Centres \$9k and other small variances in a range of areas make up the balance.

- b) This variance occurred in General Advertising expenses \$62k, Promotions \$57k, Catering \$38k and Signage \$13k. General Advertising and Promotions includes a range of expenses associated with advertising brochures, publications and notices of various events both City wide and locally. Committed expenditure in Leisure Centres totalled \$50k in relation to holiday programmes, not reflected in the results and the variance in other expenses is also due to timing differences.
- c) The Community Sport and Recreation Facilities Fund contributions are \$351k behind budget, with delays in projects for club facilities and floodlighting resulting in approximately half this amount being phased in the 2010/11 financial year. In addition Contributions of \$61k to date for the Warwick Leisure Centre are still to be determined. A grant of Small Business Centre NW Metro with \$30k phased in the budget to date is to be paid in January.
- d) Computer & Communications Equipment purchases for Network Services are \$74k below budget pending the arrival of scheduled PC replacements and other network equipment. Parking Services are awaiting paperwork for the ongoing servicing of Ticket machines \$56k and other variances include Leisure Centres \$22k and Library Operations \$20k for outstanding minor equipment purchases, with the balance spread across a number of operational areas.
- e) External Contractors and Services costs are below budget predominantly due to Waste Management charges for Tipping Fees being \$353k below budget flowing from the deferral of the Landfill Levy increase since the budget adoption. Natural Areas and Parks are \$430k below budget with most of this committed for lawn planting, maintenance and landscaping work currently being undertaken. Expenditure for Building maintenance and facility improvements is \$(338k) above budget and will be realigned in the Mid-Year Review. External Contractors and Service costs are also \$50k below budget for Rangers & City Watch with outstanding charges for additional summer patrols and towing services. The remaining balance is due to other smaller variances which are not material.
- f) Waste Management charges from the City of Wanneroo are overall \$177k below budget, however charges are expected to match total budget over the year.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,924k	\$1,516k	\$408k
Water and Gas - not material	\$140k	\$150k	\$(10k)
	<u>\$2,064k</u>	<u>\$1,666k</u>	<u>\$398k</u>



- a) Electricity charges for Parks \$191k, Streetlighting \$70k and Leisure Centres \$54k are lower than anticipated in the budget these will be reviewed as part of the Mid Year Budget Review. 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 giving rise to higher depreciation \$(1,873k) for the period on the re-valued amounts. The variance also includes higher depreciation on new software \$(43k) and plant and vehicles \$(81k).

7. Insurance Expenses

This variance is due to higher premiums for Industrial Special Risk \$(54k) following the property revaluation and Motor Vehicle Insurance \$(22k) due to the increased value of the plant fleet.

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	\$60k	\$(190k)
c) Kingsley Memorial Clubrooms	-	\$200k	\$200k
d) Major Road Construction Program	\$3,974k	\$2,193k	\$(1,781k)
e) Traffic Management	\$1,030k	\$341k	\$(689k)
f) Road Preservation & Resurfacing Prog	\$2,042k	\$1,540k	\$(502k)
g) Foreshore & Natural Areas	-	\$50k	\$50k
	<u>\$8,601k</u>	<u>\$4,384k</u>	<u>\$(4,217k)</u>

- a) The City received 50% of the Seacrest Community Sport Facility grant, budgeted to be received this financial year, in June 2009.
- b) Grant funding of \$60k was received for CCTV in the CBD following the installation of equipment in the previous year. The remaining 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) A \$200k grant from Department of Sport and Recreation for the Kingsley Memorial Clubrooms was received following the acquittal of expenditure completed in the previous financial year.
- d) This variance mainly relates to Burns Beach Road \$(1,060k) which applies to completion of landscaping work and subject to new plants being available, now expected in May. Connolly Drive - Burns Beach Road to McNaughton Crescent \$(750k) is pending a final claim being made.



- e) State Black Spot funding claims are subject to progressing various projects including Ocean Reef Drive - Craigie Drive Roundabout \$(270k), Whitfords / Endeavour Traffic Signals \$(80k), Craigie Drive \$(144k), Duffy Terrace \$(104k), Canham Way \$(54k) and Gradient Way \$(42k) (see Note 10b).
- f) This variance includes \$(229k) due to the first payment of the State Local Roads Grant received in the 2008/09 financial year. The balance of \$(273k) is for grant recoups on completed works which are being prepared.
- g) An amount of the Federal Infrastructure Grants Coastal Protection \$50k has been allocated to assist in funding the reconstruction of the Burns Beach Groyne.

9. Capital Contributions

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina	\$375k	-	\$(375k)
c) Disability Access for Public Transport	\$50k	-	\$(50k)
Other Contributions	-	\$30k	\$30k
	<u>\$425k</u>	<u>\$30k</u>	<u>\$(395k)</u>

- a) The Ocean Reef Marina contribution will now not be received.
- b) The Disability Access for Public Transport contribution will not be received as it is being deemed a State responsibility.
- c) The other contributions include \$17k in relation to West Coast Drive Beach Road to Plaza not budgeted and \$13k for the Sorrento Bowling Club roof and gutter replacements.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$5,272k	\$2,244k	\$3,028k
b) Traffic Management	\$2,512k	\$421k	\$2,091k
c) Streetscape Enhancement	\$4,178k	\$3,191k	\$987k
d) Road Preservation / Resurfacing	\$2,278k	\$1,963k	\$315k
e) Parks Play Equipment Program	\$1,094k	\$665k	\$429k
f) Stormwater Drainage Program	\$357k	\$182k	\$175k
Other Works variances - not material	\$2,518k	\$2,126k	\$392k
	<u>\$18,209k</u>	<u>\$10,792k</u>	<u>\$7,417k</u>

- a) The Major Roads Construction Program variance includes Moore Drive / Connolly Drive Dual Carriageway \$848k which is currently in the design stage and undergoing traffic assessments. Connolly Drive - Burns Beach Road to McNaughton Crescent is complete and expected to be on budget, and contractor claims outstanding amount to \$1,400k. The remaining variance of \$780k is for landscaping on the Burns Beach Road East project which is the next phase.



- b) The variance in Traffic Management projects comprises Blackspot projects \$1,298k, Local Road Traffic Management \$606k and Local Road Enhancements \$187k. In Blackspot projects the work on Ocean Reef Road / Craigie Drive Roundabout \$329k is substantially complete after experiencing some minor engineering delays. Other projects that have commenced and are now subject to design and construction documentation include Whitfords - Endeavour Traffic Signals \$166k and Canham Way - Wanneroo Road to Cockman Road \$130k. The design for Duffy Terrace \$390k is complete subject to Main Roads approval and Craigie Drive – Gradient Way to Barwon Road \$240k is in the design stage. The other Local Road projects are generally behind budget; however the most significant projects are expected to be completed by June.
- c) The variance mainly comprises Joondalup Drive Stage 3 \$180k, Hodges Drive \$137k and Burns Beach Road \$382k. Joondalup Drive Dual use path is in progress and tube stock planting will be scheduled when the tender for the growing program is awarded. Tender has been awarded for Burns Beach Road and Hodges Drive, work will commence in March, including hard scaping, footpaths, irrigation and tree planting. The primary work on the West Coast Drive upgrade projects is completed as planned, with secondary works representing \$316k to occur in January and February. The balance of \$(28k) variance occurred in a number of projects which are not material.
- d) Overall the Road Preservation and Resurfacing program is progressing and work has commenced on most projects. The variance includes Canham Way \$158k, which has been delayed requiring further analysis into the cost of re-kerbing and a replacement footpath, and Dorchester Avenue \$171k which is currently in the design stage.
- e) Works on the Revegetation of Sumps \$119k started with tree planting of parks and verges, with half the programme now delayed, pending new plants becoming available and expected in May. Orders placed for new play equipment in the programme amounted to \$154k and turf improvements have also commenced. The Iluka Beach Shelter \$115k is awaiting State Planning permission and is anticipated to commence in June 2010.
- f) Stormwater Drainage Program variance of \$129k for coastal outfalls and various upgrades is due to delays during the quotation process for pollutant traps, which are now ordered. The Burns Beach park drainage upgrade will commence in January.

11. Motor Vehicle Replacement

Motor Vehicle Replacement is below budget by \$722k, with a decision not to replace the Mitsubishi Fighter FM658HV Water Cart in favour of refurbishing another vehicle giving rise to a net cost reduction of \$90k. Orders have been placed for various plant items totaling \$418k, including \$90k for a 4 tonne tipper, \$120k for various ride-on mowers and \$55k for a Gang-Trailer mower. The remaining variances are for items that are currently being specified for purchase at a later date, including \$85k for a 3.5 tonne LWB Tray Top.



12. Closing Funds

	Actual
Current Assets	
Cash Assets	\$83,226k
Rates and Sundry Debtors	\$12,303k
GST Receivable	\$1,315k
Accrued Income	\$1,274k
Advances and Prepayments	\$500k
	\$98,618k
Less: Current Liabilities	
Creditors	\$(4,570k)
Provisions - Annual Leave	\$(2,883k)
Provisions - Other	\$(4,310k)
Accrued Expenses	\$(3,507k)
Borrowings	\$(469k)
Income in Advance	\$(4,859k)
GST Payable	\$(251k)
Other- Clearing	\$(196k)
	\$(21,045k)
Net Current Assets	\$77,573k
Less: Restricted Assets	\$(40,258k)
Closing Funds - Surplus	\$37,315k
Non Current adjustments to closing funds	
Less: Provision for LSL Non-current	\$(159k)
Less: Equity Investment MRF	\$(76k)
Less: Other Adjustments	\$(2k)
Adjusted Closing Funds - Surplus	\$37,078k