

City of Joondalup

Financial Activity Statement for the
Period Ended 30 November 2009

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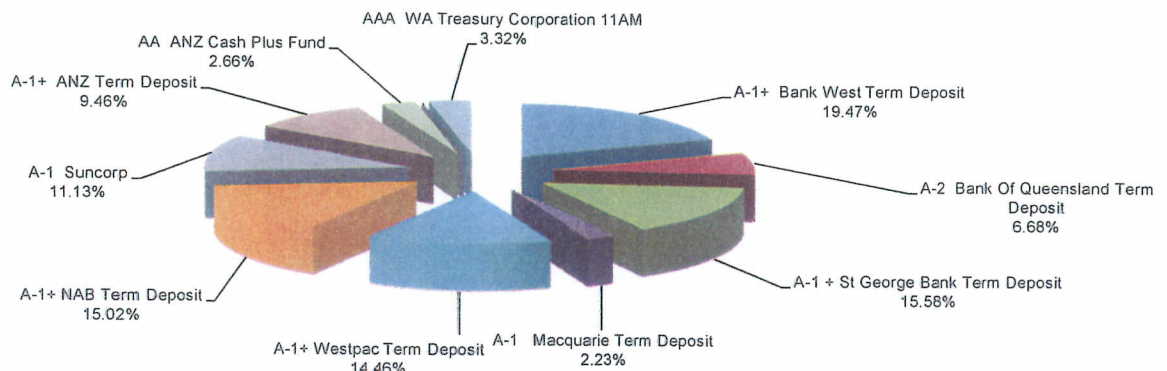


City of Joondalup
Financial Activity Statement
for the period ended 30 November 2009

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,530,321)	(63,918,660)	388,340	1%
Grants and Subsidies	1	(3,485,875)	(1,660,357)	(1,374,272)	(286,085)	(17)%
Contributions Reimbursements and Donations	2	(2,093,364)	(502,652)	(611,814)	109,163	22%
Profit on Asset Disposals		(98,335)	(12,666)	(59,959)	47,293	373%
Fees and Charges		(27,767,095)	(20,829,445)	(20,445,213)	(384,232)	(2)%
Investment Earnings	3	(2,193,760)	(869,181)	(1,494,393)	625,212	72%
Other Revenue/Income		(100,000)	(41,667)	(35,223)	(6,443)	(15)%
Total Operating Revenue		(99,433,749)	(87,446,287)	(87,939,535)	493,248	1%
OPERATING EXPENSES						
Employee Costs		41,641,592	18,042,700	18,117,935	(75,234)	(0)%
Materials and Contracts	4	39,052,324	15,375,425	14,298,106	1,077,319	7%
Utilities (gas, electricity, water etc.)	5	4,052,858	1,741,114	1,443,543	297,571	17%
Depreciation of Non-Current Assets	6	17,042,401	7,137,213	8,801,694	(1,664,481)	(23)%
Loss on Asset Disposal		107,515	45,532	11,318	34,214	75%
Interest Expenses		448,077	125,704	130,713	(5,009)	(4)%
Insurance Expenses	7	1,147,444	1,101,562	1,181,660	(80,099)	(7)%
Other Expenses		-	-	867	(867)	(100)%
Total Operating Expenses		103,492,211	43,569,250	43,985,836	(416,586)	(1)%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(43,877,037)	(43,953,699)	76,662	0%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(7,137,213)	(8,801,694)	1,664,481	23%
Loss on Asset Disposal		(107,515)	(45,532)	(11,318)	(34,214)	(75)%
Profit on Asset Disposals		98,335	12,666	59,959	(47,293)	373%
OPERATING CASH (SURPLUS)/DEFICIT		(12,993,118)	(51,047,116)	(52,706,752)	1,659,636	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(12,888,838)	(7,008,594)	(3,951,113)	(3,057,481)	(44)%
Capital Contributions		(425,000)	(50,000)	(29,731)	(20,269)	(41)%
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(7,058,594)	(3,980,844)	(3,077,750)	(84)%
CAPITAL EXPENDITURE						
Capital Projects		8,762,441	4,171,359	4,261,076	(89,717)	(2)%
Capital Works	9	30,036,541	16,642,258	8,557,989	8,084,269	49%
Motor Vehicle Replacements	10	1,326,000	427,000	90,271	336,729	79%
Loan Repayment Principal		1,152,466	319,432	319,432	-	0%
Equity Investments		-	-	15,303	(15,303)	(100)%
Total Capital Expenditure		41,277,448	21,560,049	13,244,071	8,315,977	39%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	14,501,455	9,263,227	5,238,227	36%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(36,545,662)	(43,443,525)	6,897,863	19%
FUNDING						
Proceeds from Disposal		(423,500)	(225,000)	(151,860)	(73,140)	(33)%
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	11	(92,934)	(37,320,990)	(45,134,128)	7,813,138	21%

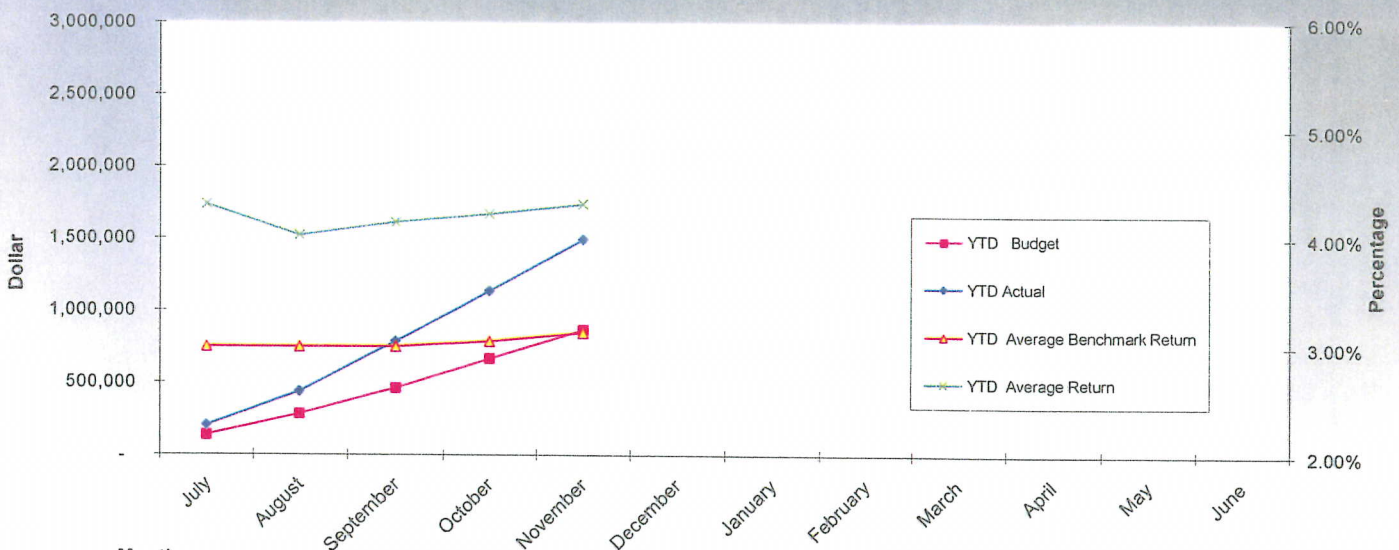
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.80%	4.54%	\$ 17,500,000	19.47%	20%
A-2 Bank Of Queensland Term Deposit	4.62%	4.48%	\$ 6,000,000	6.68%	10%
A-1 + St George Bank Term Deposit	4.43%	4.34%	\$ 14,000,000	15.58%	20%
A-1 Macquarie Term Deposit	4.65%	4.48%	\$ 2,000,000	2.23%	15%
A-1+ Westpac Term Deposit	4.39%	4.14%	\$ 13,000,000	14.46%	20%
A-1+ NAB Term Deposit	4.48%	4.35%	\$ 13,500,000	15.02%	20%
A-1 Suncorp	4.91%	4.68%	\$ 10,000,000	11.13%	15%
A-1+ ANZ Term Deposit	4.43%	4.42%	\$ 8,500,000	9.46%	20%
AA ANZ Cash Plus Fund	8.62%	4.03%	\$ 2,391,960	2.66%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -	0.00%	20%
AAA WA Treasury Corporation 11AM	3.47%	3.14%	\$ 2,981,000	3.32%	20%
Total Investment Portfolio	4.64%	4.32%	89,872,960	100.00%	
Municipal Funds			49,808,831		
Reserve Funds			40,064,129		
			89,872,960		

City of Joondalup - Investment Balances



Month	MTD		YTD		YTD Average Benchmark Return	YTD Average Return
	Budget	Actual	Budget	Actual		
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%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 NOVEMBER 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	\$183k	\$257k	\$74K
	<u>\$1,660k</u>	<u>\$1,374k</u>	<u>\$(286k)</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) Grants of \$65k for a Club Development Officer within Recreation Services and \$29k for Eco Business were received this year, but had been budgeted to be received in the previous year. Grant funding for Community Safety Video Surveillance is \$(21k) under budget and funds will be accessed for planned improvements when these are available.

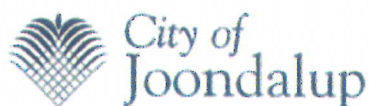
2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$115k	\$115k
Other Contributions, Reimbursements & Donations	\$503k	\$497k	\$(6k)
	<u>\$503k</u>	<u>\$612k</u>	<u>\$109k</u>

- a) The Insurance Reimbursements variance includes a Workers Compensation Claims Experience Bonus \$66k and \$39k for an Isuzu Dual Cab vehicle previously written off.

3. Investment Earnings

Investment income exceeded the budget by \$625k 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	\$717k	\$929k	\$(212k)
b) Pub Relations, Advertising & Prom	\$433k	\$275k	\$158k
c) Contributions & Donations	\$729k	\$486k	\$243k
d) Furniture, Equipment and Artworks	\$543k	\$433k	\$110k
e) External Service Expenses	\$6,915k	\$6,540k	\$375k
f) Service Charges from Other Councils	\$2,820k	\$2,475k	\$345k
Other Variances – Not material	\$3,218k	\$3,160k	\$58k
	<u>\$15,375k</u>	<u>\$14,298k</u>	<u>\$1,077k</u>

- a) Legal fees are above budget, mainly comprising \$(282k) in relation to the Turfmaster contractual dispute incurred earlier than budgeted, partly offset by Rates recovery legal fees being \$51k lower than budgeted. Consultancy expenditure is below budget including Burns Beach and Percy Doyle Master Plans, which are in the early stage of their development \$85k, Sump Testing \$27k and Central Walk project \$20k. Lodgement Fees for unpaid parking infringements are \$(73k) over budget, offset by higher Fines Enforcement Recovery revenue, and the balance consists of smaller variances in a range of areas.
- b) This variance occurred in General Advertising expenses \$53k, Promotions \$67k and Catering \$37k. 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. 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 \$139k behind budget, from delays in projects for club facilities and floodlighting which are now likely to occur in 2010, in addition contributions to date for the Warwick Leisure Centre are \$47k below budget. Other variances include Donations & Sponsorships \$52k, Scholarships \$10k and Prizes & Trophies \$24k forecast later in the year and depend on timing of programs and events. The variance also includes a timing difference of \$(32k) for FESA ESL on the City's properties.
- d) Computer & Communications Equipment purchases for Network Services are \$19k below budget, mainly due to project rescheduling, plus other timing variances in Operation Services \$16k and Leisure Centres \$9k. The remaining variance mainly consists of Plant and Equipment Maintenance \$36k and Computer Repair costs \$28k which occur on a demand basis or are scheduled and spread across operational areas.
- e) External Contractors and Services costs are below budget predominantly in Operation Services \$357k, where orders have been placed but work is to be completed. This is offset by expenditure relating to Building maintenance and facility improvements being \$(303k) above budget which is to be realigned as part of the



Mid Year Review process. Waste Management charges for External Contractors and Tipping Fees are \$190k below budget and are to be re-aligned in the mid-year review. External Service costs are \$45k below budget for Rangers & City Watch with outstanding charges still to be received from City Watch for additional summer patrols and RSPCA Poundage Fees. Budgeted work of \$43k for office works is still to be commenced. The remaining balance is due to other smaller variances which are not material.

- f) Waste Management charges from the City of Wanneroo are \$329k below budget, including estimated charges for October and November, and will be revised in the mid year review.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,604k	\$1,294k	\$310k
Water and Gas - not material	\$137k	\$149k	\$(12)k
	<u>\$1,741k</u>	<u>\$1,443k</u>	<u>\$298k</u>

- a) Electricity charges for Parks \$158k, Streetlighting \$49k and Leisure Centres \$19k 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 and depreciation for the period has been calculated on the re-valued amounts giving a book variance of \$(1,557k). The variance also includes software \$(36k) and higher depreciation on new plant and vehicles \$(68k).

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	\$756k	\$341k	\$(415k)
e) Road Preservation and Resurfacing Program	\$1,784k	\$1,367k	\$(417k)
f) Foreshore & Natural Areas	-	\$50k	\$50k
	<u>\$7,009k</u>	<u>\$3,951k</u>	<u>\$(3,058k)</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 \$(750k) which is dependant on the final claim being made.
- d) State Black Spot funding claims are behind budget and are subject to progressing various projects including Ocean Reef Drive - Craigie Drive Roundabout \$(180k), Whitfords / Endeavour Traffic Signals \$(80k), Craigie Drive \$(96k), Canham Way \$(36k) and Gradient Way \$(28k).
- e) This variance includes \$(564k) due to the first payment of the State Local Roads Grant being received in the 2008/09 financial year. The balance of \$147k is for grant recoups on completed works which are ahead of the budget schedule.
- f) An unbudgeted Coastal Protection grant \$50k has been received to assist in funding the reconstruction of the Burns Beach Groyne.

9. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Streetscape Enhancement	\$4,139k	\$2,364k	\$1,775k
b) Major Road Construction	\$4,848k	\$2,027k	\$2,821k
c) Road Preservation / Resurfacing	\$1,956k	\$1,544k	\$412k
d) Traffic Management	\$2,211k	\$269k	\$1,942k
e) Parks Play Equipment Program	\$977k	\$531k	\$446k
f) Major Building Works	\$1,195k	\$978k	\$217k
Other Works variances - not material	\$1,316k	\$845k	\$471k
	<u>\$16,642k</u>	<u>\$8,558k</u>	<u>\$8,084k</u>



- a) This variance mainly relates to the West Coast Drive upgrade project \$1,087k where \$737k of commitments are awaiting invoices. A tender for plants for various projects is currently being undertaken, however the plants will not be available until 2010, this includes Joondalup Drive Stage 3 \$150k, Hodges Drive \$150k and Burns Beach Road \$379k.
- b) The Major Roads Construction Program variance includes Connolly Drive - Burns Beach Road to McNaughton Crescent \$1,408k which is complete, and the variance due to contractor claims that are still to be received. The remaining variance comprises \$989k for landscaping on the Burns Beach Road East project, including a tender for plants currently being undertaken, and Moore Drive / Connolly Drive \$424k which is currently in the design stage.
- c) Overall the Road Preservation and Resurfacing program for 2009/10 has been set and work has commenced. The variance includes Canham Way \$160k, which has been delayed requiring further analysis into the cost of re-kerbing and replacement footpath and Dorchester Avenue \$142k which is currently in the design stage.
- d) The variance in Traffic Management projects is subject to the timing of the design and construction documentation. Work on Ocean Reef Drive \$436k commenced in October later than anticipated in the budget. Quotation documentation is currently being prepared for Whitfords - Endeavour Traffic Signals \$166k and works have been programmed to commence in December. The design is complete for Duffy Terrace \$195k and is awaiting Main Roads approval. Craigie Drive \$240k and Kinglsey Drive \$191k are still in the design stage and works are programmed for February 2010 and December 2009 respectively.
- e) Works on the Revegetation of Sumps \$155k and Turf Improvements at Chichester Park \$75k have commenced, however payment claims are still outstanding. The Iluka Beach Shelter \$115k is awaiting State Planning permission and is now anticipated to commence in June 2010.
- f) The Regional Local Community Infrastructure Projects \$123k, 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 \$186k are being procured and work will commence in January 2010 and the timing for the Chiller Replacement in the Civic Chambers \$83k has yet to be agreed. 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), Sorrento Bowl Club Roof \$(56k) and Grove Child Care Centre \$(28k).

10. Motor Vehicle Replacement

Motor Vehicle Replacement is currently behind budget, however orders have been placed for plant and vehicles totaling \$381k, including \$90k for a 4 tonne tipper.

11. Closing Funds

	Actual
Current Assets	
Cash Assets	\$89,842k
Rates and Sundry Debtors	\$16,318k
GST Receivable	\$637k
Accrued Income	\$1,187k
Advances and Prepayments	\$503k
	\$108,487k
Less: Current Liabilities	
Creditors	\$(1,957k)
Provisions - Annual Leave	\$(3,039k)
Provisions - Other	\$(4,273k)
Accrued Expenses	\$(4,549k)
Borrowings	\$(468k)
Income in Advance	\$(8,387k)
GST Payable	\$(115k)
Other- Clearing	\$(186k)
	\$(22,974)k
Net Current Assets	\$85,513k
Less: Restricted Assets	\$(40,258k)
Closing Funds - Surplus	\$45,255k
Non Current adjustments to closing funds	
Less: Provision for LSL Non-current	\$(104k)
Less: Equity Investment MRC	\$(1k)
Less: Other Adjustments	\$(16k)
Adjusted Closing Funds - Surplus	\$45,134k