

City of Joondalup

Financial Activity Statement for the
Period Ended 31 January 2010

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City of Joondalup
Financial Activity Statement
for the period ended 31 January 2010

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,650,321)	(64,061,837)	411,516	1%
Grants and Subsidies	1	(3,485,875)	(1,836,449)	(1,426,115)	(410,335)	(22)%
Contributions Reimbursements and Donations	2	(2,093,364)	(1,324,587)	(960,573)	(364,014)	(27)%
Profit on Asset Disposals		(98,335)	(83,761)	(59,959)	(23,802)	(28)%
Fees and Charges		(27,767,095)	(22,961,785)	(22,738,590)	(223,195)	(1)%
Investment Earnings	3	(2,193,760)	(1,281,653)	(2,173,934)	892,281	70%
Other Revenue/Income		(100,000)	(58,333)	(67,308)	8,975	15%
Total Operating Revenue		(99,433,749)	(91,196,890)	(91,488,315)	291,425	0%
OPERATING EXPENSES						
Employee Costs		41,641,592	24,872,877	24,519,753	353,124	1%
Materials and Contracts	4	39,052,324	22,555,087	20,733,023	1,822,064	8%
Utilities (gas, electricity, water etc.)	5	4,052,858	2,387,410	2,155,133	232,278	10%
Depreciation of Non-Current Assets	6	17,042,401	9,984,486	12,324,632	(2,340,146)	(23)%
Loss on Asset Disposal		107,515	65,575	39,229	26,346	40%
Interest Expenses	7	448,077	200,383	131,638	68,745	34%
Insurance Expenses	8	1,147,444	1,111,497	1,185,979	(74,483)	(7)%
Other Expenses		-	-	1,282	(1,282)	(100)%
Total Operating Expenses		103,492,211	61,177,315	61,090,668	86,647	0%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(30,019,575)	(30,397,647)	378,072	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(9,984,486)	(12,324,632)	2,340,146	23%
Loss on Asset Disposal		(107,515)	(65,575)	(39,229)	(26,346)	(40)%
Profit on Asset Disposals		98,335	83,761	59,959	23,802	(28)%
OPERATING CASH (SURPLUS)/DEFICIT		(12,993,118)	(39,985,875)	(42,701,549)	2,715,675	7%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	9	(12,888,838)	(8,655,374)	(4,287,498)	(4,367,876)	(50)%
Capital Contributions	10	(425,000)	(425,000)	(29,731)	(395,269)	(93)%
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(9,080,374)	(4,317,229)	(4,763,145)	(52)%
CAPITAL EXPENDITURE						
Capital Projects		8,762,441	5,708,700	5,592,689	116,011	2%
Capital Works	11	30,036,541	19,968,976	11,341,356	8,627,620	43%
Motor Vehicle Replacements	12	1,326,000	1,016,000	308,229	707,771	70%
Loan Repayment Principal		1,152,466	339,878	339,878	-	0%
Equity Investments		-	-	15,303	(15,303)	(100)%
Total Capital Expenditure		41,277,448	27,033,554	17,597,456	9,436,099	35%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	17,953,180	13,280,226	4,672,954	26%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(22,032,694)	(29,421,323)	7,388,629	34%
FUNDING						
Proceeds from Disposal		(423,500)	(372,000)	(217,661)	(154,339)	(41)%
Loan Funds	7	(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	180%
CLOSING FUNDS	13	(92,934)	(22,955,022)	(31,177,727)	8,222,705	36%

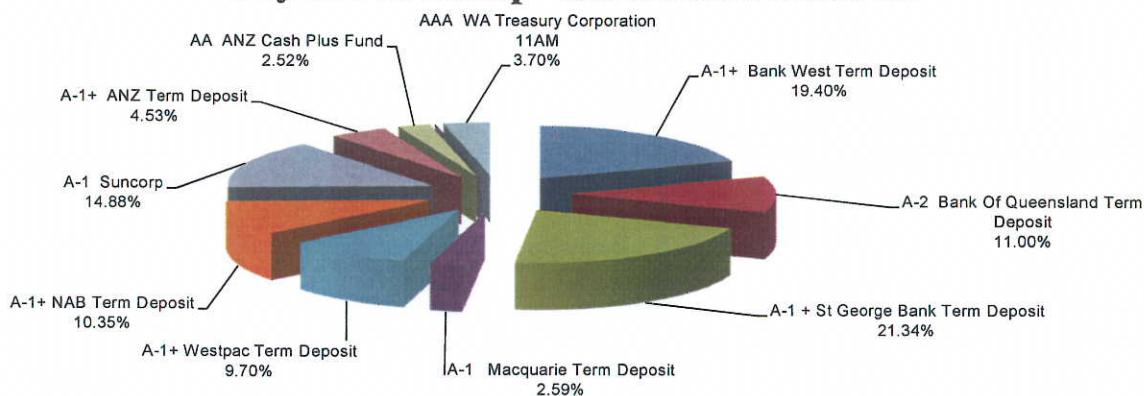


Investment Summary

CITY OF JOONDALUP
January-10

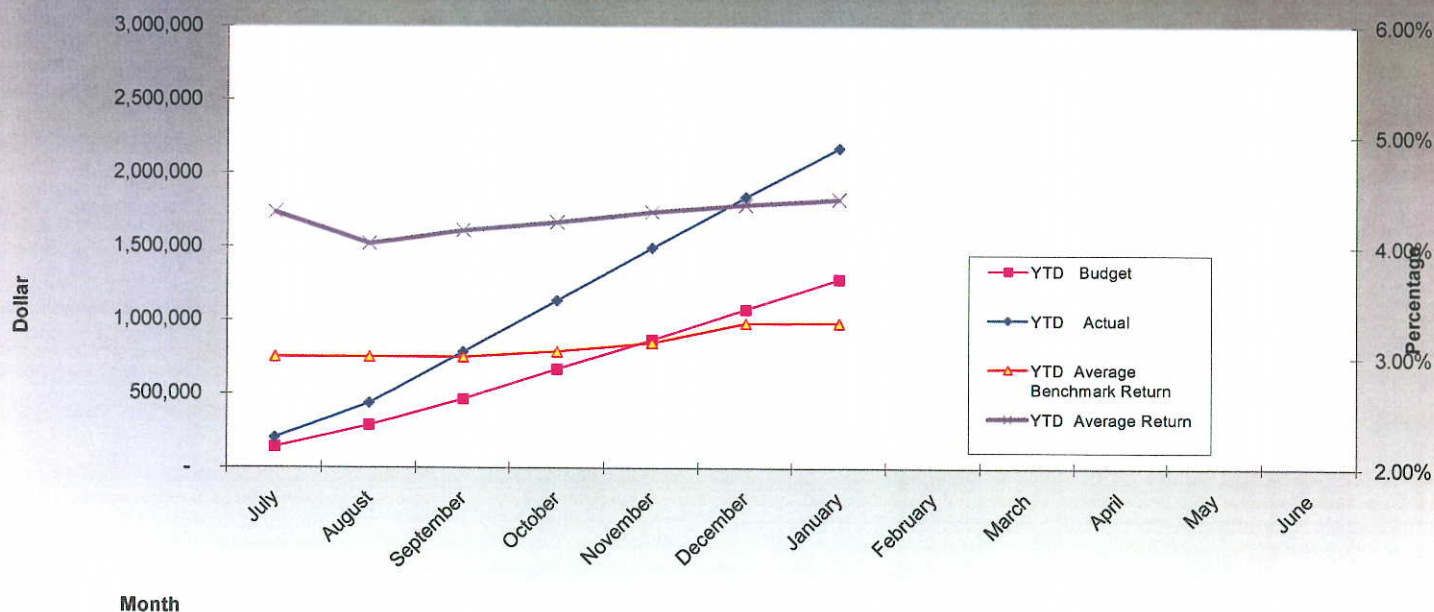
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.94%	4.68%	\$ 15,000,000	19.40%	20%
A-2 Bank Of Queensland Term Deposit	5.40%	4.71%	\$ 8,500,000	11.00%	10%
A-1 + St George Bank Term Deposit	4.82%	4.44%	\$ 16,500,000	21.34%	20%
A-1 Macquarie Term Deposit	4.65%	4.53%	\$ 2,000,000	2.59%	15%
A-1+ Westpac Term Deposit	4.83%	4.26%	\$ 7,500,000	9.70%	20%
A-1+ NAB Term Deposit	4.55%	4.39%	\$ 8,000,000	10.35%	20%
A-1 Suncorp	5.07%	4.83%	\$ 11,500,000	14.88%	15%
A-1+ ANZ Term Deposit	4.50%	4.44%	\$ 3,500,000	4.53%	20%
AA ANZ Cash Plus Fund	1.13%	3.90%	\$ 1,945,954	2.52%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	3.75%	3.31%	\$ 2,860,000	3.70%	20%
Total Investment Portfolio	4.74%	4.43%	77,305,954	100.00%	
Municipal Funds			37,296,580		
Reserve Funds			40,009,374		
			77,305,954		

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	3.31%	4.38%
January	206,091	333,176	1,281,653	2,172,498	3.31%	4.43%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 JANUARY 2010

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	\$359k	\$309k	\$(50k)
	<u>\$1,836k</u>	<u>\$1,426k</u>	<u>\$(410k)</u>

- a) The State Local Government Assistance Grant first payment was received in the previous financial year.
- b) The Federal Government grant for Youth Services \$(33k) ceased at the end of December 2009. Provision for a Community Safety Video Surveillance grant \$(29k) was provided in the budget but is now no longer available.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$120k	\$120k
b) Legal Fees Recoverable	\$611k	\$68k	\$(543k)
c) Sale of Recyclable Materials - MRF	\$481k	\$390k	\$(91k)
d) Miscellaneous Reimbursements	\$25k	\$139k	\$114k
e) Utility Charge	\$49k	\$112k	\$63k
f) Reinstatement of Works	\$82k	\$19k	\$(67k)
g) Sponsorships	\$5k	\$59k	\$54k
Other Contributions, Reimbursements & Donations	\$71k	\$53k	\$(14)k
	<u>\$1,324k</u>	<u>\$960k</u>	<u>\$(364k)</u>

- a) The Insurance Reimbursements variance includes a Workers Compensation Claims Experience Bonus \$66k and settlement of a claim for an Isuzu Dual Cab vehicle previously written off \$39k.
- b) This variance predominantly relates to the litigation arising from the weed spraying contractual dispute \$(500k), now likely to continue into the new financial year, and the collection of Rates \$(46k), which is partly offset by lower expenses for legal actions.
- c) The Sale of Recyclable Materials is expected to fall short of the total budget due to the prevailing market conditions.



- d) This variance includes an unbudgeted contribution of \$68k from Main Roads WA for maintenance on Marmion Avenue Median, between Beach Road and Ocean Reef Road. This amount relates to prior financial years, plus one quarter of the current year, and is now being charged on a quarterly basis. The remaining balance consists of a number of non-material variances in different areas.
- e) This is mainly due to the billing of property charges following a recent review of existing property agreements, including Telecommunication Towers \$27k and utility charges \$36k on other City buildings.
- f) Actual Reinstatement of Works normally conducted on behalf of utility providers is below the level anticipated in the budget.
- g) Sponsorships for events, including the Valentine's Day Concert, were received earlier than budgeted.

3. Investment Earnings

Investment income continues to exceed the budget by \$892k with a greater volume of funds invested as a result of lower capital expenditure and the increase in official interest rates since the budget adoption.

4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$949k	\$1,149k	\$(200k)
b) Public Relations, Advertising & Prom	\$602k	\$394k	\$208k
c) Contributions & Donations	\$1,132k	\$814k	\$318k
d) Furniture, Equipment and Artworks	\$1,062k	\$812k	\$250k
e) External Service Expenses	\$9,722k	\$9,282k	\$440k
f) Service Charges from Other Councils	\$4,313k	\$4,203k	\$110k
g) Other Materials	\$960k	\$749K	\$211k
h) Administration	\$934K	\$598K	\$336k
Other Variances – Not material	\$2,881k	\$2,732k	\$149k
	<u>\$22,555k</u>	<u>\$20,733k</u>	<u>\$1,822k</u>

- a) Legal Expenses are \$(342k) over budget, which is primarily a result of the ongoing weed spraying litigation that the City is dealing with. Lodgement Fees for unpaid parking infringements are \$(108k) over budget. The variance is in respect of prior year lodgements for Fines Enforcement having been made in the current year, which generated higher revenue in the period to January. Consultancy expenditure is \$198k below budget. Consultancy expenses are mainly in respect of several feasibility studies such as the Percy Doyle and Edgewater Quarry Master Plans currently undergoing strategic reviews \$105k, delayed website development \$26k, Sump soil and plant analysis \$37k, Central Walk project \$20k and a range of smaller variances including higher than expected software upgrade costs. The other variances are not material and occurred across a number of areas.



- b) Under expenditure is mainly due to General Advertising expenses \$79k, Promotions \$68k, catering \$39k and Signage \$10k. General Advertising and Promotions include expenses associated with advertising, publications and notices, which are dependent on the timing of events.
- c) The main variance is for Community Sport and Recreation Facilities Fund contributions, which is \$309k below budget due to delays in projects for club facilities and floodlighting, with approximately \$162k to be deferred to the 2010/11 financial year. The timing of other Donations and Sponsorships to sports clubs and community groups caused a variance of \$21k with several payments still to be made. The Emergency Services Levy payment is over budget \$(32k) due to incorrect budget phasing. Other non-material variances make up the balance.
- d) Computer & Communications Equipment purchases for Network Services are \$121k below budget. Orders have been placed for scheduled PC replacements and other network equipment, which are yet to be delivered. Variances in Computer & Communications Maintenance costs are \$40k, mainly for the servicing of Ticket Machines \$32k, and there is an amount of \$39k in outstanding orders for specialist furniture for the Libraries. The remaining variances are spread across a number of operational areas.
- e) The variance in External Contractors and Services costs is predominantly due to Tipping Fees for domestic rubbish being \$232k below budget after the deferral of the Landfill Levy increase compared to the adopted budget. Natural Areas and Parks are \$461k below budget with ongoing lawn renewal, maintenance and landscaping work to take place in the coming months. Expenditure for Building maintenance and facility improvements is \$(409k) above budget. Other variances are mainly due to timing differences in Graffiti removal \$35K, Software Application Services \$37k, Leisure Centre Cleaning \$44k, Poundage Fees \$33k and general operational areas.
- f) Waste Management charges from the City of Wanneroo are below budget by \$110k.
- g) The variance in External Materials Purchases is partly due to timing of new Adshell Bus shelters \$25k, which will be capitalised, and under expenditure for Litter Collection \$25k. Building Assets Minor Works is \$71k under budget.
- h) The variance in Administration Expenses mainly comprises outstanding Election Costs of \$243k. Printing costs are \$33k below budget relating to community consultation for various plans under development including Joondalup City Centre Structure Plan, Housing Strategy and District Planning Scheme 2, as well as \$38k for Leisure and Cultural events.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$2,245k	\$2,004k	\$241k
Water and Gas - not material	\$142k	\$151k	\$(9k)
	<u>\$2,387k</u>	<u>\$2,155k</u>	<u>\$232k</u>



- a) The original budget allowed for a significant increase in electricity but actual increases, have been less than expected. There are, however outstanding accounts that the City has not yet received due to Synergy billing system problems.

6. Depreciation of Non-Current Assets

Depreciation on Buildings \$(2,188k) was re-calculated after the re-valuation of property at the end of the previous financial year. Other areas of increase are due to the purchase of new assets including software and computers \$(56k), and plant and vehicles \$(97k).

7. Interest Expenses

The timing for the borrowing to fund the Aquatic Facilities upgrade was deferred until completion of works resulting in a timing difference of \$69k. The new loan is scheduled to be in place in March 2010.

8. Insurance Expenses

The variance reflects increased premiums for Industrial Special Risk \$(56k), based on higher property values, and of the plant fleet \$(22k) partly offset by savings on general insurances.

9. 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 and Resurfacing Program	\$2,096k	\$1,443k	\$(653k)
g) Foreshore & Natural Areas	-	\$50k	\$50k
	<u>\$8,655k</u>	<u>\$4,287k</u>	<u>\$(4,368k)</u>

- a) The City budgeted to receive 50% of the Seacrest Community Sports Facility grant in the 2009/10 financial year, however the grant was received earlier 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) The City received a \$200k grant from Department of Sport and Recreation for the Kingsley Memorial Clubrooms following the acquittal of expenditure incurred in the previous financial year.
- d) This variance relates to Connolly Drive - Burns Beach Road to McNaughton Crescent \$(750k), which is pending a final claim being made, also Burns Beach Road East project \$(1,060k) for landscaping work subject to plants being available later this year.
- e) State Black Spot funding claims are behind budget and are subject to the progression of 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).
- f) This variance includes \$(229k) due to the first payment of the State Local Roads Grant having been received in the 2008/09 financial year. The balance of \$(273k) is for grant recoups that are still being prepared for completed works.
- g) An unbudgeted Coastal Protection grant of \$50k has been received to assist in funding the reconstruction of the Burns Beach Groyne.

10. Capital Contributions

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina	\$375k	-	\$(375k)
b) Disability Access for Public Transport	\$50k	-	\$(50k)
c) Other Capital contributions variances- not material	-	\$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 not budgeted include \$17k in relation to West Coast Drive, Beach Road to Plaza and \$13k for the Sorrento Bowling Club roof and gutter replacements.

11. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$5,696k	\$2,259k	\$3,437k
b) Traffic Management	\$2,621k	\$614k	\$2,007k
c) Streetscape Enhancement	\$4,257k	\$3,200k	\$1,057k



d) Road Preservation / Resurfacing	\$2,553k	\$2,046k	\$507k
e) Parks Play Equipment Program	\$1,204k	\$755k	\$449k
f) Stormwater Drainage Program	\$409k	\$212k	\$197k
Other Works variances - not material	\$3,229k	\$2,255k	\$974k
	<u>\$19,969k</u>	<u>\$11,341k</u>	<u>\$8,628k</u>

- a) The Major Roads Construction Program variance includes the Moore Drive / Connolly Drive Dual Carriageway project \$1,271k, which is currently in the design stage and undergoing traffic assessments. Work on Connolly Drive between Burns Beach Road and McNaughton Crescent is complete, with contractors' claims outstanding amounting to \$1,400k. The remaining variance comprises \$766k for landscaping on the Burns Beach Road East project, which is being progressed according to the program for the supply of plants.
- 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 the roundabout at Ocean Reef Road and Craigie Drive intersection is substantially complete after experiencing some minor engineering delays with a variance to date of \$329k due to the timing of processing costs. Other projects under budget have commenced and are now in the design and documentation phase. These include the Traffic Signals at Whitfords Avenue and Endeavour Road intersection \$166k, Canham Way, Wanneroo Road to Cockman Road \$130k and Craigie Drive, between Gradient Way and Barwon Road \$240k. The design work on Duffy Terrace, between Whitfords Avenue and Woodvale Drive is complete and subject to Main Roads approval giving a variance of \$390k. Projects for other Local Road work are currently behind budget schedule but are expected to be completed in the coming periods.
- c) The variance mainly comprises projects on Joondalup Drive Stage 3 \$180k, Hodges Drive \$137k and Burns Beach Road \$382k. Work on Joondalup Drive Dual use path is in progress. The tender has been awarded for Burns Beach Road and Hodges Drive and work will commence in March, including hard scaping, footpaths, irrigation and tree planting. In addition work on the West Coast Drive upgrade projects is progressing as planned, and outstanding contractor claims amount to \$316k. The balance of \$42k variance occurred in a number of other projects and is not material.
- d) Overall the Road Preservation and Resurfacing program for 2009/10 has been set and work has started although expenditure is below budget. The variance includes work on Canham Way between Wanneroo and Cockman Roads \$158k after delays requiring further analysis into the cost of re-kerbing and replacement footpath. The Dorchester Avenue project between Beach and Warwick Roads \$199k is currently in the design stage, with work forecast to commence in May 2010. Work between Trailwood Drive and Trappers Drive is below budget by \$446k, however works commenced in January. Partly offsetting these variances are timing differences resulting in expenditure over budget to date, including work on Marmion Avenue West Carriageway, section 2 by \$(293k).



- e) In the Parks and Play Equipment Program work on the Revegetation of Sumps started with tree planting of parks and verges. Half of the program is now delayed until new plants become available, which are expected in May, giving a variance of \$119k. The Iluka Beach Shelter \$115k is delayed awaiting State Planning permission and is now anticipated to commence in June 2010. Replacement and upgrade of play equipment is progressing. In addition tennis court resurfacing and goal post replacements of \$70k will commence at the end of the summer period.
- f) The Stormwater Drainage Program for coastal outfalls and various upgrades is under budget by \$197k resulting from delays during the quotation process and ordering of pollutant traps. The upgrade of Burns Beach Park drainage will commence shortly.

12. Motor Vehicle Replacement

The Mitsubishi Fighter FM658HV Water Cart intended to be replaced by a new truck costing \$200k will instead be replaced by an existing surplus truck. There will be a requirement for a new tank but the saving will still be \$150k. Outstanding orders raised for vehicles budgeted to be replaced this period total \$185k. The vehicles are being replaced with lower cost models, estimating to save \$42k compared to budget. The earlier than planned purchase of two tandem trailers partly offset these savings by \$(23k). The remaining variances totaling \$303k are for items that are currently being specified for purchase at a later date.



13. Closing Funds

	Actual
Current Assets	
Cash Assets	\$77,211k
Rates and Sundry Debtors	\$9,377k
GST Receivable	\$1,060k
Accrued Income	\$1,167k
Advances and Prepayments	\$524k
	\$89,339k
Less: Current Liabilities	
Creditors	\$(873k)
Provisions - Annual Leave	\$(2,759k)
Provisions - Other	\$(4,249k)
Accrued Expenses	\$(4,169k)
Borrowings	\$(469k)
Income in Advance	\$(4,863k)
GST Payable	\$(214k)
Other- Clearing	\$(98k)
	\$(17,694k)
Net Current Assets	\$71,645k
Less: Restricted Assets	\$(40,258k)
Closing Funds - Surplus	\$31,387k
Non Current adjustments to closing funds	
Less: Provision for LSL Non-current	\$(132k)
Less: Equity Investment MRF	\$101k
Less: Other Adjustments	\$(179k)
Adjusted Closing Funds - Surplus	\$31,177k