



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 28 February 2010

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 28 February 2010

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,665,321)	(64,072,192)	406,871	1%
Grants and Subsidies	1	(3,485,875)	(2,656,557)	(2,024,175)	(632,382)	(24)%
Contributions Reimbursements and Donations	2	(2,093,364)	(1,414,692)	(1,122,745)	(291,948)	(21)%
Profit on Asset Disposals		98,335	(83,761)	(59,959)	(23,802)	(28)%
Fees and Charges		(27,767,095)	(23,939,581)	(23,801,864)	(137,718)	(1)%
Investment Earnings	3	(2,193,760)	(1,468,211)	(2,482,005)	1,013,794	69%
Other Revenue/Income		(100,000)	(66,667)	(29,014)	(37,653)	(56)%
Total Operating Revenue		(99,433,749)	(93,294,790)	(93,591,953)	297,163	0%
OPERATING EXPENSES						
Employee Costs		41,641,592	27,967,268	27,623,931	343,337	1%
Materials and Contracts	4	39,052,324	25,326,326	23,551,143	1,775,183	7%
Utilities (gas, electricity, water etc.)	5	4,052,858	2,714,558	2,276,264	438,294	16%
Depreciation of Non-Current Assets	6	17,042,401	11,380,473	14,028,608	(2,648,134)	(23)%
Loss on Asset Disposal		107,515	65,575	39,229	26,346	40%
Interest Expenses	7	448,077	249,922	147,780	102,142	41%
Insurance Expenses	8	1,147,444	1,116,464	1,193,361	(76,897)	(7)%
Other Expenses		-	-	1,282	(1,282)	(100)%
Total Operating Expenses		103,492,211	68,820,586	68,861,597	(41,011)	(0)%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(24,474,204)	(24,730,355)	256,152	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(11,380,473)	(14,028,608)	2,648,134	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)	(35,836,491)	(38,738,234)	2,901,743	8%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	9	(12,888,838)	(9,821,373)	(5,663,285)	(4,158,088)	(42)%
Capital Contributions	10	(425,000)	(425,000)	(35,337)	(389,663)	(92)%
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(10,246,373)	(5,698,622)	(4,547,751)	(44)%
CAPITAL EXPENDITURE						
Capital Projects	11	8,762,441	6,319,648	5,668,566	651,082	10%
Capital Works	12	30,036,541	22,069,093	13,264,558	8,804,535	40%
Motor Vehicle Replacements	13	1,326,000	1,016,000	504,100	511,900	50%
Loan Repayment Principal		1,152,466	482,358	482,358	-	0%
Equity Investments		-	-	15,303	(15,303)	(100)%
Total Capital Expenditure		41,277,448	29,887,099	19,934,886	9,952,214	33%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	19,640,726	14,236,264	5,404,463	28%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(16,195,765)	(24,501,970)	8,306,205	51%
FUNDING						
Proceeds from Disposal	13	(423,500)	(372,000)	(217,661)	(154,339)	(41)%
Loan Funds	7	(5,685,000)	(5,685,000)	-	(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	14	(92,934)	(22,803,093)	(26,258,374)	3,455,281	15%

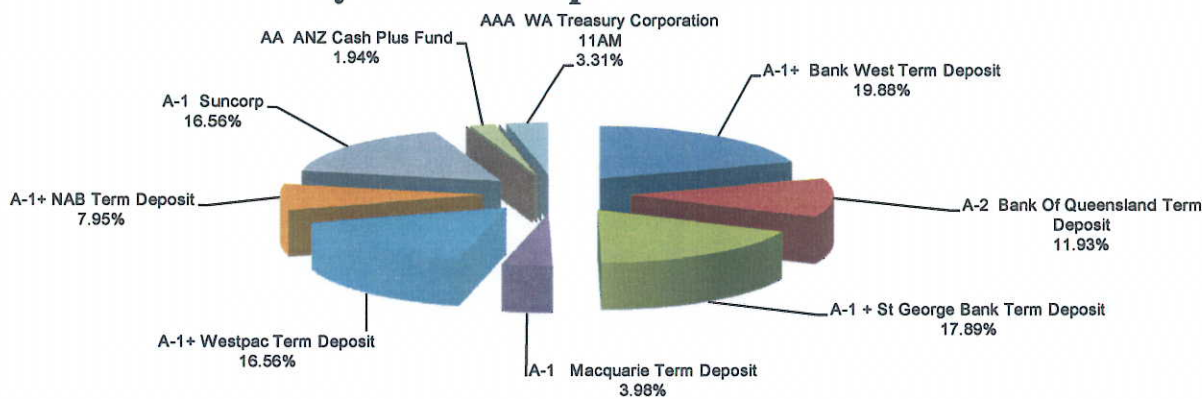


Investment Summary

CITY OF JOONDALUP
February-10

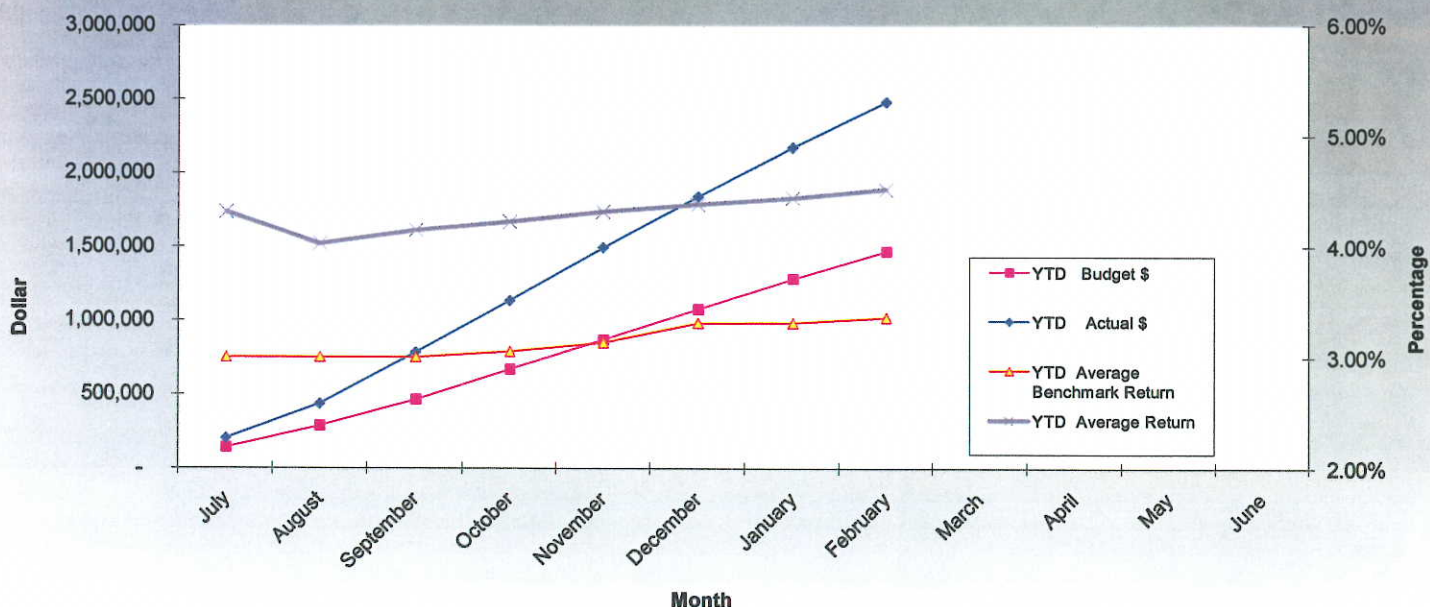
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	5.00%	4.73%	\$ 15,000,000	19.88%	20%
A-2 Bank Of Queensland Term Deposit	5.68%	4.84%	\$ 9,000,000	11.93%	10%
A-1 + St George Bank Term Deposit	5.26%	4.55%	\$ 13,500,000	17.89%	20%
A-1 Macquarie Term Deposit	5.87%	4.71%	\$ 3,000,000	3.98%	15%
A-1+ Westpac Term Deposit	5.15%	4.35%	\$ 12,500,000	16.56%	20%
A-1+ NAB Term Deposit	4.68%	4.41%	\$ 6,000,000	7.95%	20%
A-1 Suncorp	5.70%	5.01%	\$ 12,500,000	16.56%	15%
A-1+ ANZ Term Deposit	4.55%	4.44%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	4.03%	3.91%	\$ 1,460,680	1.94%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	3.75%	3.35%	\$ 2,500,000	3.31%	20%
Total Investment Portfolio	5.17%	4.52%	75,460,680	100.00%	
Municipal Funds			35,453,542		
Reserve Funds			40,007,138		
			<u>75,460,680</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	3.31%	4.38%
January	206,091	333,175	1,281,653	2,172,497	3.31%	4.44%
February	186,558	308,064	1,468,211	2,480,561	3.36%	4.52%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 28 FEBRUARY 2010

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$2,215k	\$1,675k	(\$540k)
b) Other State & Commonwealth Grants & Subsidies	\$442k	\$349k	(\$93k)
	<u>\$2,657k</u>	<u>\$2,024k</u>	<u>(\$633k)</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 and a submission for a Community Safety Video Surveillance grant (\$33k) is currently being prepared. Grants for the Joondalup Festival (\$35k) will be received later than budgeted.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$178k	\$178k
b) Legal Fees Recoverable	\$616k	\$76k	(\$540k)
c) Sale of Recyclable Materials - MRF	\$481k	\$390k	(\$91k)
d) Miscellaneous Reimbursements	\$27k	\$199k	\$172k
e) Utility Charge	\$56k	\$112k	\$56k
f) Reinstatement of Works	\$93k	\$19k	(\$74k)
Other Contributions, Reimbursements & Donations - not material	\$142k	\$149k	\$7k
	<u>\$1,415k</u>	<u>\$1,123k</u>	<u>(\$292k)</u>

- a) Insurance Reimbursements received include a Workers Compensation Claims Experience Bonus \$66k and a contribution adjustment of \$54k for the 2008/2009 year. A claim of \$39k for settlement was received for an Isuzu Dual Cab vehicle previously written off.
- b) This variance relates to the litigation arising from the weed spraying contractual dispute (\$500k) and lower legal fees for the collection of outstanding Rates (\$41k).
- 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, for prior years and is now being charged on a quarterly basis. Unbudgeted Diesel Fuel Tax Credits of \$71k were received. 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 \$29k on other City buildings.
- f) Actual Reinstatement of Works normally conducted on behalf of utility providers is below the level anticipated in the budget.

3. Investment Earnings

Investment income continues to exceed the budget by \$1,014k 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	\$1,000k	\$1,223k	(\$223k)
b) Public Relations, Advertising & Prom	\$698k	\$483k	\$215k
c) Contributions & Donations	\$1,264k	\$859k	\$405k
d) Furniture, Equipment and Artworks	\$1,150k	\$878k	\$272k
e) External Service Expenses	\$11,136k	\$10,746k	\$390k
f) Service Charges from Other Councils	\$4,755k	\$4,585k	\$170k
g) Other Materials	\$1,121k	\$862k	\$259k
h) Travel, Vehicles & Plant	\$1,025k	\$869k	\$156k
Other Variances	\$3,177k	\$3,046k	\$131k
	<u>\$25,326k</u>	<u>\$23,551k</u>	<u>\$1,775k</u>

- a) Legal Expenses are (\$362k) over budget as a result of the ongoing weed spraying litigation that the City is dealing with. Lodgement Fees for unpaid parking infringements are (\$105k) over budget. The variance is in respect of prior year lodgements for Fines Enforcement being made in the current year offset by higher revenue received. Consultancy expenditure is \$203k 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 \$93k, Sump soil and plant analysis \$43k, Central Walk project \$20k which is not progressing 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 timing differences for General Advertising expenses \$95k and Promotional Events \$47k. Also Catering \$46k and Signage \$12k are running below budget.



- c) The main variance is for contributions to Arena Community Sport and Recreation Association Facilities projects \$313k due to delays in appointing a builder with approximately \$162k to be deferred to the 2010/11 financial year. Contributions to date for the Warwick Leisure Centre are \$35k below budget. The timing of payments for Prizes & Trophies caused a variance of \$36k and Grant Disbursements for Community Safety Video Surveillance \$33k will not occur (see 1 b) above). Other non-material variances make up the balance.
- d) Computer & Communications Equipment purchases for Network Services are \$123k below budget comprising PC replacements and network equipment, still to be delivered. Computer & Communications Equipment Maintenance & Repairs arise on a demand basis and are \$43k below budget. Other variances include \$32k for the servicing of Ticket Machines, \$18k related to the Cat Local Law, which is not progressing, and \$22k for Libraries furniture.
- e) External Services expenses variance is below budget and includes Tipping Fees \$321k partly due to the deferral of the Landfill Levy increase compared to the adopted budget. Natural Areas and Parks are \$383k below budget with lawn renewal and landscaping work to take place in the coming months. Expenditure for Building maintenance and facility improvements are (\$504k) over budget and will be re-aligned in the Mid Year Review. Other variances are mainly due to timing differences including Graffiti Removal \$22k, Software Application Services \$44k, Leisure Centre Cleaning \$40k, Valentines Concert \$37k and Recreation Services Midweek Lifeguard Contract \$57k, with the balance spread across a number of operational areas.
- f) City of Wanneroo charges are below budget \$147k for Waste Management and also \$23k due to not appointing a Yellagonga ICM Project Officer as budgeted. A project officer has been appointed by the City in February.
- g) External Materials Purchases are below budget for Engineering \$133k, mainly for drainage and road maintenance, Litter Collection \$29k and Building Assets Minor Works is \$82k. Commitments for work in coming months total \$296k.
- h) Travel, Vehicles & Plant running cost variance mainly relates to Fuel \$188k due to the drop in oil and petrol prices since the budget was drafted, partially offset by Repairs & Servicing costs being (\$62k) over budget.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$2,570k	\$2,123k	\$447k
Water and Gas - not material	\$144k	\$153k	(\$9k)
	<u>\$2,714k</u>	<u>\$2,276k</u>	<u>\$438k</u>

- a) The original budget allowed for a significant increase in electricity which was overstated. There are, however outstanding accounts that the City is still to receive.



6. Depreciation of Non-Current Assets

Depreciation on Buildings (\$2,473k) 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 (\$64k), and plant and vehicles (\$113k).

7. Interest Expenses

Savings in interest expenses are due to the timing for the borrowing to fund the Aquatic Facilities upgrade and the West Coast Drive project which is expected to be drawn down later than originally budgeted.

8. Insurance Expenses

The variance reflects increased premiums for Industrial Special Risk (\$56k), based on higher property values, and for Motor Vehicle & Plant (\$22k).

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	\$4,638k	\$2,193k	(\$2,445k)
e) Traffic Management	\$1,082k	\$341k	(\$741k)
f) Road Preservation and Resurfacing Program	\$2,546k	\$2,797k	\$251k
g) Other	-	\$72k	\$72k
	<u>\$9,821k</u>	<u>\$5,663k</u>	<u>(\$4,158k)</u>

- a) The City budgeted to receive 50% of the Seacrest Community Sports Facility grant in the 2009/10 financial year, which was actually received 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 video surveillance system at Tom Simpson Park (\$100k) was actually received in the previous financial year. A submission for the remaining budgeted grant for a CCTV system is being prepared.
- 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 between Burns Beach Road and McNaughton Crescent (\$750k), which is now forecast to be completed by December 2010. The Burns Beach Road East project (\$1,060k) for landscaping work is subject to plants being available later this year. Also the Moore Drive / Connolly Drive project (\$635k) is due to commence in June 2010 for which further grant recoups are dependant on progress of works.



- 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 (\$156k), Canham Way (\$54k) and Gradient Way (\$42k).
- f) This variance includes (\$343k) due to the first payment of the State Local Roads Grant having been received in the 2008/09 financial year. The balance of \$594k is due to the Road Recovery Program progressing ahead of schedule with two quarters of expenditure being paid in February 2010.
- 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	-	\$35k	\$35k
	<u>\$425k</u>	<u>\$35k</u>	<u>(\$390k)</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 deemed a State responsibility.
- c) The other contributions not budgeted include \$17k in relation to West Coast Drive, Beach Road to Plaza and \$11k for the Sorrento Bowling Club roof and gutter replacements.

11. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Aquatic Facilities Upgrade - CLC	\$3,978k	\$4,477k	(\$499k)
b) Ocean Reef Marina Development	\$500k	\$163k	\$337k
c) Video Surveillance Systems	\$250k	\$95k	\$155k
d) Joondalup City Centre Commercial Office Development	\$138k	\$23k	\$115k
e) Cultural Facility	\$158k	\$18k	\$140k
f) Vehicles & Plant	\$235k	-	\$235k
g) Library Management System	\$274k	\$198k	\$76k
h) Other Projects	\$787k	\$695k	\$92k
	<u>\$6,320k</u>	<u>\$5,669k</u>	<u>\$651k</u>

- a) The 50 meter pool at Craigie Leisure Centre is complete and within budget. The variance is due to the timing of contractor payments compared to budget phasing.
- b) Council endorsed the first phase of the Ocean Reef Marina project, its Structure Plan and Business Case in December 2009. The City is assessing the options to



progress the work required and future expenditure will be dependent on the outcome of this assessment.

- c) The installation of a CCTV system at Sir James McCusker Park (\$150k) is not going ahead. An alternative Grant submission is currently being prepared.
- d) & e) The Project Philosophy and Parameters Reports have been prepared and are pending approval by the Strategic Financial Management Committee. Future expenditure in accordance with the Business Requirement (Scoping) Document and draft Project Plans is subject to endorsement of the above.
- f) The Customer Response Unit Truck \$50k and the Turf Vacuum Machine & Vertidrain Machine \$85k were purchased in the 2008/09 financial year. The remaining \$100k is for two trucks now on order.
- g) Equipment totalling \$62k is on order for the Library Management System which is forecast to be on budget for the year.
- h) This variance includes \$51k for Digital Display Screens for which quotes have been received and will be ordered in March. The Cat Holding Facility \$40k is no longer progressing.

12. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$6,120k	\$2,777k	\$3,343k
b) Traffic Management	\$2,846k	\$759k	\$2,087k
c) Streetscape Enhancement	\$4,400k	\$3,384k	\$1,016k
d) Road Preservation / Resurfacing	\$3,024k	\$2,694k	\$330k
e) Parks Play Equipment Program	\$1,340k	\$853k	\$487k
f) Major Projects - Seacrest Park	\$870k	\$78k	\$792k
Other Works variances - not material	\$3,469k	\$2,720k	\$749k
	<u>\$22,069k</u>	<u>\$13,265k</u>	<u>\$8,804k</u>

- a) The Major Roads Construction Program variance includes the Moore Drive / Connolly Drive Dual Carriageway project \$1,695k, which is currently in the design stage and undergoing traffic assessments. Construction work on Connolly Drive between Burns Beach Road and McNaughton Crescent is complete with the variance \$879k relating to the landscaping and footpath phase of the project and is due for completion by December 2010. The remaining variance comprises \$769k for landscaping on the Burns Beach Road East project, which is progressing according to the program for the supply of plants.
- b) The Traffic Management variance comprises Blackspot projects \$1,055k, Local Road Traffic Management \$845k and Local Road Enhancements \$187k. In the Blackspot program projects that have commenced are: Craigie Drive, between Gradient Way and Barwon Road \$240k is currently still in the design stage. The design for Duffy Terrace, between Whitfords Avenue and Woodvale Drive \$390k has been approved by Main Roads and safety audits undertaken. Traffic Signals at Whitfords Avenue and Endeavour Road intersection \$166k are waiting for Western



Power supply installation. Canham Way, Wanneroo Road to Cockman Road \$97k, where work commenced in January 2010.

The Local Road Traffic Management projects comprising Cliff St; Poynter Dr; Dampier Ave; Lilburne Rd; Waterford Dr and Quilter Dr totalling \$489k are all in the design stage. The remaining projects are behind budget schedule. In Local Roads Enhancements Kingsley Drive \$191k is currently in the design stage with quotes being obtained from Western Power.

- c) The variance mainly comprises projects on Joondalup Drive Stage 3 \$240k, Hodges Drive \$137k and Burns Beach Road \$387k. The tender has been awarded for Burns Beach Road and Hodges Drive and work will commence in March, including hard scaping, irrigation and tree planting. In addition work on the West Coast Drive upgrade project \$109k is progressing as planned. The Entry Statements project \$109k is subject to Council approval, Canham Way Streetscaping \$50k commenced in January 2010 and Central Walk Lighting \$40k is under investigation to determine design scope.
- d) The variance includes work on Canham Way between Wanneroo and Cockman Roads \$134k after delays requiring further analysis into the cost of re-kerbing and replacement footpath. The Dorchester Avenue project between Beach and Warwick Roads \$208k, is currently in the design stage, and Campbell Drive \$115k are forecast to commence in May 2010.
- e) In the Parks Play Equipment Program work on the Iluka Beach Shelter \$115k is delayed awaiting State Planning permission and is expected to commence in June 2010. Tennis court resurfacing and goal post replacements of \$109k will commence at the end of the summer period. The remaining projects for new, replacement and upgrade of play equipment are progressing with orders placed totalling \$245k.
- f) The detailed design stage for the RCLIP Seacrest Park project is currently being finalised and construction is expected to commence in July 2010.

13. 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 \$301k.



14. Closing Funds

	Actual
Current Assets	
Cash Assets	\$75,755k
Rates and Sundry Debtors	\$6,894k
GST Receivable	\$487k
Accrued Income	\$1,032k
Advances and Prepayments	\$546k
	\$84,714k
Less: Current Liabilities	
Creditors	(\$1,020k)
Provisions - Annual Leave	(\$2,758k)
Provisions - Other	(\$4,248k)
Accrued Expenses	(\$4,378k)
Borrowings	(\$469k)
Income in Advance	(\$4,883k)
GST Payable	(\$95k)
Other- Clearing	(\$126k)
	(\$17,977k)
Net Current Assets	\$66,737k
Less: Restricted Assets	(\$40,258k)
Closing Funds - Surplus	\$26,479k
Non Current adjustments to closing funds	
Less: Provision for LSL Non-current	(\$136k)
Less: Equity Investment MRF	(\$76k)
Less: Other Adjustments	(\$9k)
Adjusted Closing Funds - Surplus	\$26,258k