



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 August 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 August 2009

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(63,695,321)	(63,520,321)	(62,916,441)	(603,880)	(1)%
Grants and Subsidies	1	(3,485,875)	(842,706)	(144,271)	(698,435)	(83)%
Contributions Reimbursements and Donations		(2,093,364)	(80,211)	(92,401)	12,191	15%
Profit on Asset Disposals		(98,335)	-	(10,615)	10,615	100%
Fees and Charges		(27,767,095)	(17,603,455)	(17,108,950)	(494,506)	(3)%
Investment Earnings	2	(2,193,760)	(286,702)	(436,368)	149,666	52%
Other Revenue/Income		(100,000)	(16,667)	(7,903)	(8,763)	(53)%
Total Operating Revenue		(99,433,749)	(82,350,061)	(80,716,949)	(1,633,112)	(2)%
OPERATING EXPENSES						
Employee Costs	3	41,641,592	7,968,146	8,417,422	(449,276)	(6)%
Materials and Contracts	4	39,052,324	5,659,275	5,293,855	365,420	6%
Utilities (gas, electricity, water etc.)	5	4,052,858	742,261	546,045	196,216	26%
Depreciation of Non-Current Assets	6	17,042,401	2,868,651	3,543,718	(675,066)	(24)%
Loss on Asset Disposal		107,515	-	8,612	(8,612)	(100)%
Interest Expenses		448,077	50,282	39,398	10,884	22%
Insurance Expenses	7	1,147,444	627,415	680,087	(52,672)	(8)%
Total Operating Expenses		103,492,211	17,916,030	18,529,137	(613,106)	(3)%
(SURPLUS)/DEFICIT FROM OPERATIONS		4,058,462	(64,434,030)	(62,187,813)	(2,246,218)	(3)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(17,042,401)	(2,868,651)	(3,543,718)	675,066	24%
Loss on Asset Disposal		(107,515)	-	(8,612)	8,612	100%
Profit on Asset Disposals		98,335	-	10,615	(10,615)	(100)%
OPERATING CASH (SURPLUS)/DEFICIT		(12,993,118)	(67,302,682)	(65,729,527)	(1,573,155)	(2)%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(12,888,838)	(5,156,220)	(741,214)	(4,415,007)	(86)%
Capital Contributions		(425,000)	-	-	-	-
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(18,193,838)	(5,156,220)	(741,214)	(4,415,007)	(86)%
CAPITAL EXPENDITURE						
Capital Projects	9	8,762,441	1,616,351	892,611	723,740	45%
Capital Works	10	30,036,541	6,369,493	1,600,085	4,769,408	75%
Motor Vehicle Replacements		1,326,000	-	682	(682)	(100)%
Loan Repayment Principal		1,152,466	158,655	158,655	-	0%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		41,277,448	8,144,498	2,652,033	5,492,465	67%
CAPITAL (SURPLUS)/DEFICIT		23,083,610	2,988,278	1,910,820	1,077,459	36%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		10,090,492	(64,314,404)	(63,818,707)	(495,696)	(1)%
FUNDING						
Proceeds from Disposal		(423,500)	-	(49,023)	49,023	100%
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)	(64,864,732)	(65,406,474)	541,742	1%



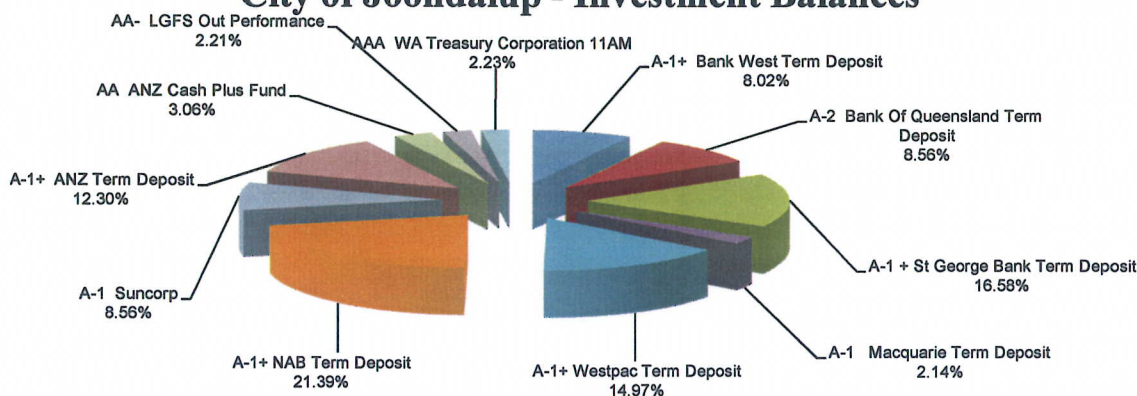
Investment Summary

CITY OF JOONDALUP

August-09

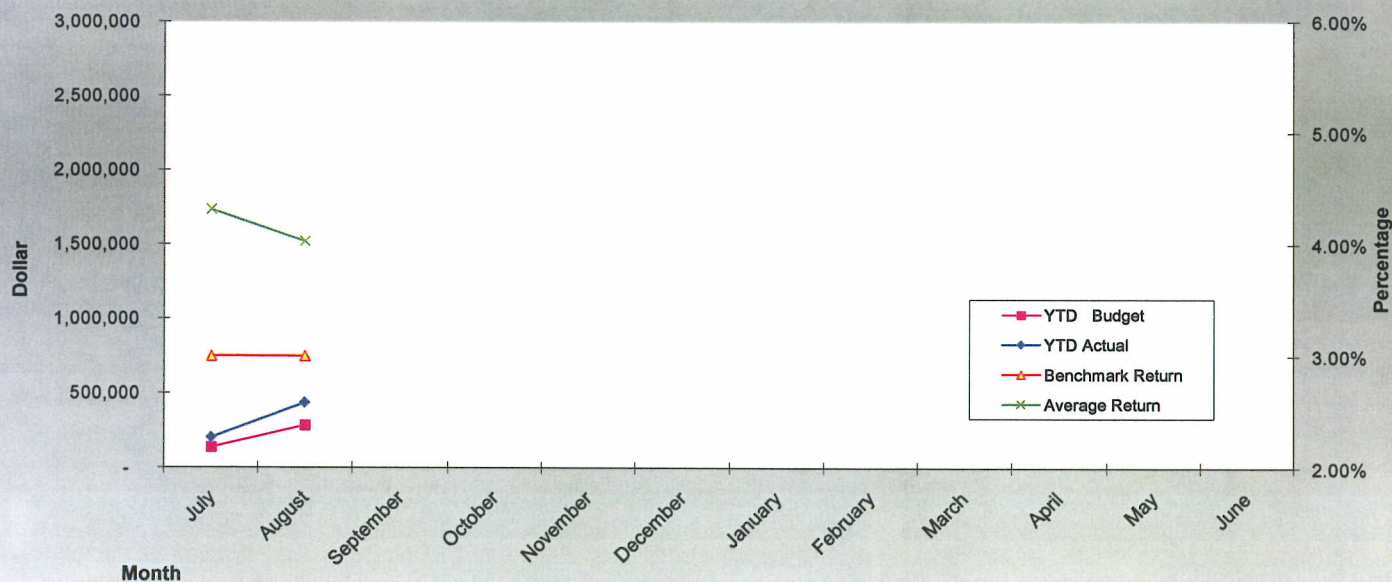
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	4.06%	4.09%	\$ 7,500,000	8.02%	20%
A-2 Bank Of Queensland Term Deposit	4.45%	4.44%	\$ 8,000,000	8.56%	10%
A-1 + St George Bank Term Deposit	4.27%	4.24%	\$ 15,500,000	16.58%	20%
A-1 Macquarie Term Deposit	4.46%	4.23%	\$ 2,000,000	2.14%	15%
A-1+ Westpac Term Deposit	3.88%	3.82%	\$ 14,000,000	14.97%	20%
A-1+ NAB Term Deposit	4.24%	4.21%	\$ 20,000,000	21.39%	20%
A-1 Suncorp	4.48%	4.43%	\$ 8,000,000	8.56%	15%
A-1+ ANZ Term Deposit	4.45%	4.44%	\$ 11,500,000	12.30%	20%
AA ANZ Cash Plus Fund	-4.31%	2.67%	\$ 2,863,155	3.06%	20%
AA- LGFS Out Performance	3.59%	3.67%	\$ 2,062,543	2.21%	20%
AAA WA Treasury Corporation 11AM	3.00%	3.00%	\$ 2,082,000	2.23%	20%
Total Investment Portfolio	#REF!	4.03%	93,507,698	100.00%	
Municipal Funds			56,472,817		
Reserve Funds			37,034,881		
			93,507,698		

City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	139,355	139,355	201,882	201,882	3.00%	4.31%
August	147,347	286,702	234,301	436,183	3.00%	4.03%

Return on Investments





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

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$738k	-	\$(738k)
b) Other State & Commonwealth Grants & Subsidies	\$104k	\$144k	\$40k
	<u>\$842k</u>	<u>\$144k</u>	<u>\$(698k)</u>

a) The first quarterly payment for the 2009/10 general purpose State Local Government Assistance Grant was budgeted to be received in August 2009, however an advance payment was received in the 2008/09 financial year, with the balance of the grant to be paid quarterly commencing in September.

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. A number of smaller variances across the organisation make up the balance.

2. Investment Earnings

Investment income exceeded the budget by \$150k, this is due to higher funds invested being carried forward from 2008/09 and actual interest rates achieved being above budget.

3. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Provision for Employee Entitlements	-	\$421k	\$(421k)
b) Salaries and Wages	\$6,701k	\$6,294	\$407
c) Agency Employees	\$46k	\$302k	\$(256k)
d) Employee Cost Allocation & Recovery	\$(124k)	\$137k	\$(261k)
e) Other Employee Costs	\$1,345k	\$1,263k	\$82k
	<u>\$7,968k</u>	<u>\$8,417k</u>	<u>\$(449k)</u>

a) An adjustment was processed in the period to increase the provision for Employee Entitlements to progressively reflect the full liability accrued over the year. The adjusted amount will vary from period to period as staff use their outstanding leave.

b) This variance includes \$300k for Leisure and Culture mainly due to Agency Staff still being used, see note c) below, which were budgeted to be on the payroll from July and savings due to vacant positions. The balance is spread across the organisation including \$82k for Operation Services.



- c) This variance mainly relates to Leisure and Culture \$(219k) using Agency Staff which were budgeted to be on the payroll from July, this is offset by savings in Salaries and Wages, see note b) above.
- d) The Employee Timesheet mechanism is currently not working correctly and recoveries are \$(207k) below budget, however a credit balance to contra this amount is held on a balance sheet clearing account and this will be adjusted once investigations are complete. The balance of \$(54k) relates to the recovery of Corporate Projects which are yet to be processed, these will be actioned in September.
- e) Variances in Other Employee Costs are mainly timing differences including Training \$40k and Staff Uniforms \$19k and are spread across the organisation.

4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Finance Related Costs	\$105k	\$173k	\$(68k)
b) Professional Fees and Costs	\$328k	\$487k	\$(159k)
c) Pub Relations, Advertising & Prom	\$169k	\$83k	\$86k
d) Contributions & Donations	\$218k	\$87k	\$131k
e) Computing	\$176k	\$263k	\$(87k)
f) Furniture, Equipment and Artworks	\$195k	\$77k	\$118k
g) External Service Expenses	\$2,627k	\$2,215k	\$412k
Other Variances – Not material	\$1,841k	\$1,909k	\$(68k)
	<u>\$5,659k</u>	<u>\$5,294k</u>	<u>\$365k</u>

- a) Finance Related Costs are above budget on Credit Card Charges \$(60k) and Bank Charges \$(14k) mainly due to higher than anticipated fees incurred on rates payments received by credit cards.
- b) Legal fees were \$(136k) over budget, including \$(150k) for the Turfmaster contractual dispute that was budgeted later in the year offset by \$10k for work on the Joondalup City Centre Structure Plan, which is now likely to occur in November. Lodgement Fees to the Fines Enforcement Registry for unpaid parking infringements are \$(32k) over budget, however this is offset by Fines Enforcement Recovery revenue being \$38k over budget.
- c) This variance includes General Advertising expenses \$42k, Catering \$18k and Promotions \$16k which are mainly due to the timing of events and programs.
- d) Contributions made were \$77k below budget which includes \$64k for the 2008/09 Warwick Leisure Centre deficit and \$15k for the Volunteer Centre which will be processed in September. The balance of the variance includes Grant Disbursements \$20k, Donations & Sponsorships \$15k and Prizes & Trophies \$9k which are mainly due to the timing of programs and events and are forecast for later in the year.
- e) The variance on Computing costs includes \$(103k) for Computer Software Maintenance which is primarily due to the timing of annual maintenance charges



compared to budget phasing, this is partially offset by Computer Software Licences being \$19k below budget.

- f) Plant and Equipment Maintenance and Repair costs were \$53k below budget, this includes outstanding monthly servicing fees of \$33k for the Parking Ticket Machines due to the late submission of invoices and \$10k for Leisure Centres mainly for preventative maintenance for the pool which will be processed quarterly. The variance also includes Plant & Equipment Minor Purchases \$25k and Equipment Hire \$17k of which \$20k is for the Leisure Centres which will be processed in September with the balance spread through various operational areas. The remaining \$23k variance relates to furniture and computer equipment purchases and maintenance due in the coming months.
- g) External Contractors and Services costs were below budget for Natural Areas and Parks \$61k and Road and Footpath maintenance work \$80k, where bad weather has impacted on the planning and scheduling of work. In addition \$57k for contracted Graffiti Removal is to be processed in September, while Recycling contractor service costs are \$(52k) over budget - partly due to August accruals being overstated. Tipping Fees are \$199k below budget mainly due to August estimates being understated. Other minor variances occurred across the City amounting to \$67k against budget.

5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$642k	\$443k	\$199k
Water and Gas - not material	\$100k	\$103k	\$(3)k
	<u>\$742k</u>	<u>\$546k</u>	<u>\$196k</u>

- a) Electricity charges were below budget for Street Lighting \$72k and Parks \$56k mainly due to the timing of invoices compared to the budget phasing. The remaining variance includes \$65k due to the June accruals being overstated.

6. Depreciation of Non-Current Assets

Buildings were re-valued in 2008/09 and adjusted at the financial year end. Depreciation for the period has been calculated on these re-valued amounts which was not reflected in the budget giving a book variance of \$(631k).

7. Insurance Expenses

The Insurance Expenses variance of \$(53k) mainly relates to Industrial Special Risk \$(27k) following property revaluation and Motor Vehicle Insurance \$(22k) due to the increased 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 - Tom Simpson Park	\$100k	-	\$(100k)
c) Major Road Construction Program	\$2,164k	-	\$(2,164k)
d) Traffic Management	\$569k	\$161k	\$(408k)
e) Road Preservation and Resurfacing Program	\$1,018k	\$580k	\$(438k)
	<u>\$5,156k</u>	<u>\$741k</u>	<u>\$(4,415k)</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 was budgeted to be received this period however it was actually received in the previous financial year.
- c) This variance relates to Connolly Drive - Burns Beach Road to McNaughton Crescent \$(1,500k) and Moore Drive / Connolly Drive \$(664k) for which grant claims are made as works progresses.
- d) The Ocean Reef Drive - Craigie Drive Roundabout and the Whitfords / Endeavour Traffic Signals projects have been delayed and the second 40% claim for the State Black Spot funding cannot yet be claimed \$(234k); it is anticipated that work on Ocean Reef Drive will commence in September. The remaining variance relates to Edgewater Drive \$(51k) which is a Main Roads reserve funded project which will be claimed in September and National Building Packages funded projects \$(124k), Gradient Way and Craigie Drive, for which claims are being progressed and are anticipated to be received in October.
- e) The first quarterly payment of \$490k for the 2009/10 State Local Roads Grant was budgeted to be received this period, however an advance payment was received in the 2008/09 financial year, with the balance of the grant to be paid quarterly commencing in September.

9 Capital Projects

	YTD Budget	YTD Actual	Variance
a) Aquatic Facilities Upgrade - CLC	\$995k	\$638k	\$357k
b) Video Surveillance System - Tom Simpson Park	\$100k	-	\$100k
c) Ocean Reef Marina Development	\$125k	\$26k	\$99k
d) Library Management System	\$110k	\$13k	\$97k
e) CBD Commercial Office Development	\$50k	\$0k	\$50k
Other variances – not material	\$236k	\$215k	\$21k
	<u>\$1,616k</u>	<u>\$892k</u>	<u>\$724k</u>



- a) Work on the Aquatic expansion project is continuing, the recent wet weather has delayed the delivery and installation of some equipment however the project is still expected to be completed on time.
- b) The proposal for the video surveillance system for Tom Simpson Park, Mullaloo, has been approved and orders have been placed. The system installation is scheduled to be completed by the end of November.
- c) Council is yet to consider the results of the Ocean Reef Marina Community Consultation. It is anticipated this will occur shortly and future expenditure is dependent on this.
- d) An order for the Library Management System was placed in August, some of the order has been received however the bulk of the shipment is due to arrive mid September.
- e) External consultants were engaged in August to undertake tasks as outlined in the Project Plan. This project is progressing in accordance with the Project Plan.

10 Capital Works

	YTD Budget	YTD Actual	Variance
a) Streetscape Enhancement	\$2,309k	\$130k	\$2,179k
b) Major Road Construction	\$2,243k	\$884k	\$1,359k
c) Road Preservation / Resurfacing	\$778k	\$80k	\$698k
d) Traffic Management	\$442k	\$(72k)	\$514k
e) Major Building Works	\$161k	\$286k	\$(125k)
Other Works variances - not material	\$436k	\$292k	\$144k
	<u>\$6,369k</u>	<u>\$1,600k</u>	<u>\$4,769k</u>

- a) This variance mainly relates to the West Coast Drive upgrade project \$2,063k for which the first progress claim for \$1,100k is currently being reviewed, the project is anticipated to be completed in October. 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 relates to Connolly Drive - Burns Beach Road to McNaughton Crescent where work is progressing and is expected to be completed mid October. The variance is due to contractor claims being behind the budget phasing.
- c) The Canham Way project \$107k is behind budget due to delays in the design phase. The Road Preservation and Resurfacing program for 2009/10 has been set and work has commenced on Marmion Avenue however current weather conditions are causing delays.
- d) The variance in Traffic Management projects is subject to the timing of the design and construction documentation. Projects include Canham Way \$89k which is in the design phase and Kingsley Drive \$191k which is yet to commence. The remaining variance includes Harman Road \$75k and Traffic Management Modelling \$78k, where projects are complete but invoices are yet to be processed.



- e) This variance is partly due to projects budgeted in 2008/09 commencing late and expenditure actually being incurred in 2009/10 including Calecstacia Hall Asbestos Work \$(52k), Refurbishment of Community Facilities (Padbury to Whitfords) \$(44k) and Grove Child Care Centre \$(28k). The remaining variance is mainly due to the phasing of the budget.

11 Closing Funds

	Actual
Current Assets	
Cash Assets	\$95,226k
Rates and Sundry Debtors	\$33,979k
GST Receivable	\$923k
Accrued Income	\$790k
Advances and Prepayments	\$505k
	\$131,423k
Less: Current Liabilities	
Creditors	\$(1,514k)
Provisions - Annual Leave	\$(3,004k)
Provisions - Other	\$(4,795k)
Accrued Expenses	\$(3,438k)
Borrowings	\$(489k)
Income in Advance	\$(11,905k)
GST Payable	\$(213k)
Other- Clearing	\$(331k)
	\$(25,689)k
Net Current Assets	\$105,734k
Add: Borrowings	\$489k
Less: Restricted Assets	\$(40,258k)
Closing Funds - Surplus	\$65,965k
Adjustments to closing funds	\$(558k)
Adjusted Closing Funds - Surplus	\$65,407k