

City of Joondalup

Financial Activity Statement for the
Period Ended 31 July 2010

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,420,408)	(68,140,308)	(68,316,886)	176,578	0%
Grants and Subsidies		(3,119,042)	(29,879)	(58,100)	28,221	94%
Contributions Reimbursements and Donations	1	(2,417,419)	(29,268)	(100,688)	71,419	244%
Profit on Asset Disposals		(105,164)	-	-	-	-
Fees and Charges	2	(28,596,520)	(16,903,622)	(17,058,071)	154,449	1%
Investment Earnings	3	(3,798,858)	(256,840)	(310,211)	53,371	21%
Other Revenue/Income		(121,000)	(2,583)	(10,708)	8,125	315%
Total Operating Revenue		(107,578,411)	(85,362,501)	(85,854,664)	492,164	1%
OPERATING EXPENSES						
Employee Costs	4	45,149,333	4,295,027	3,907,184	387,844	9%
Materials and Contracts	5	40,915,704	3,221,349	1,929,932	1,291,416	40%
Utilities (gas, electricity, water etc.)		4,641,753	427,977	401,732	26,245	6%
Depreciation of Non-Current Assets		21,306,833	1,793,467	1,864,850	(71,383)	(4)%
Loss on Asset Disposal		62,490	-	16,085	(16,085)	(100)%
Interest Expenses		699,800	52,650	55,825	(3,175)	(6)%
Insurance Expenses		1,239,486	643,531	677,837	(34,307)	(5)%
Other Expenses		-	-	-	-	-
Total Operating Expenses		114,015,398	10,434,001	8,853,446	1,580,555	15%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,436,988	(74,928,500)	(77,001,219)	2,072,719	3%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,306,833)	(1,793,467)	(1,864,850)	71,383	4%
Loss on Asset Disposal		(62,490)	-	(16,085)	16,085	100%
Profit on Asset Disposals		105,164	-	-	-	-
OPERATING CASH (SURPLUS)/DEFICIT		(14,827,171)	(76,721,967)	(78,882,153)	2,160,187	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	6	(9,840,460)	(224,000)	(144,000)	(80,000)	(36)%
Capital Contributions		-	-	-	-	-
Acquired Infrastructure Assets *		(1,725,000)	-	-	-	-
Total Non-Operating Revenue		(11,565,460)	(224,000)	(144,000)	(80,000)	(36)%
CAPITAL EXPENDITURE						
Capital Projects	7	3,979,222	612,222	5,010	607,212	99%
Capital Works	8	31,922,178	2,257,607	290,500	1,967,107	87%
Motor Vehicle Replacements	9	2,057,360	154,960	-	154,960	100%
Loan Repayment Principal		1,279,959	21,060	21,060	-	-
Equity Investments		-	-	-	-	-
Total Capital Expenditure		39,238,719	3,045,849	316,570	2,729,280	90%
CAPITAL (SURPLUS)/DEFICIT		27,673,259	2,821,849	172,570	2,649,280	94%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		12,846,088	(73,900,117)	(78,709,584)	4,809,467	7%
FUNDING						
Proceeds from Disposal		(406,000)	-	(39,617)	39,617	100%
Loan Funds		(2,924,100)	-	-	-	-
Transfer from Reserve		(14,030,494)	-	-	-	-
Transfer to Reserve		3,974,479	-	-	-	-
Transfer to Accumulated Surplus		1,725,000	-	-	-	-
Opening Funds		(1,212,195)	(1,212,195)	(4,608,378)	3,396,183	280%
CLOSING FUNDS	10	(27,222)	(75,112,312)	(83,357,579)	8,245,267	11%

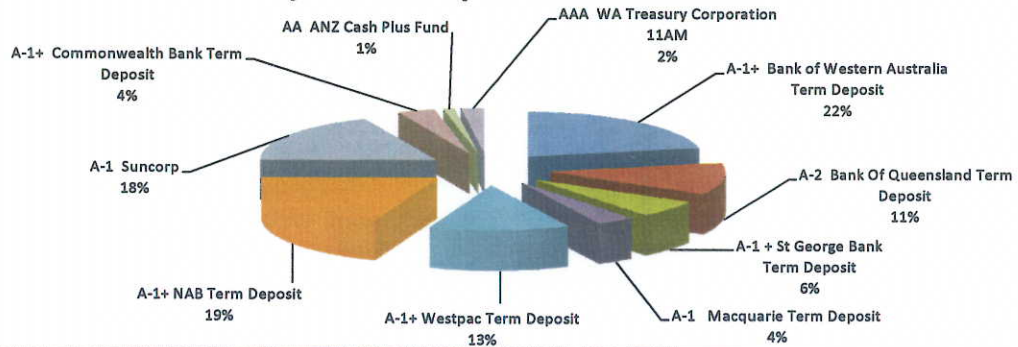


Investment Summary

CITY OF JOONDALUP
July-10

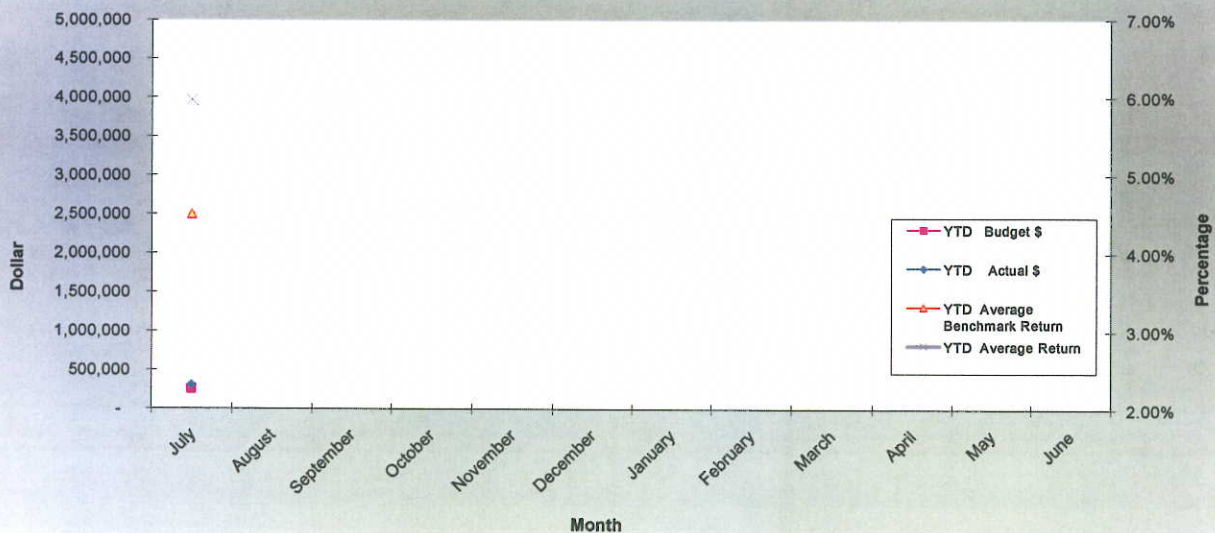
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.87%	5.87%	\$ 12,500,000	21.79%	20%
A-2 Bank Of Queensland Term Deposit	6.18%	6.18%	\$ 6,500,000	11.33%	10%
A-1 + St George Bank Term Deposit	5.99%	5.99%	\$ 3,500,000	6.10%	20%
A-1 Macquarie Term Deposit	6.18%	6.18%	\$ 2,000,000	3.49%	15%
A-1+ Westpac Term Deposit	5.89%	5.89%	\$ 7,500,000	13.08%	20%
A-1+ NAB Term Deposit	5.99%	5.99%	\$ 11,000,000	19.18%	20%
A-1 Suncorp	6.30%	6.30%	\$ 10,500,000	18.31%	15%
A-1+ Commonwealth Bank Term Deposit	5.78%	5.78%	\$ 2,000,000	3.49%	20%
AA ANZ Cash Plus Fund	7.36%	7.36%	\$ 614,026	1.07%	20%
AAA WA Treasury Corporation 11AM	4.45%	4.45%	\$ 1,245,000	2.17%	20%
Total Investment Portfolio	5.96%	5.96%	57,359,026	100.00%	
Municipal Funds			15,129,382		
Reserve Funds			42,229,644		
			57,359,026		

City of Joondalup - Investment Balances



Month	MTD Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	256,840	298,637	256,840	298,637	4.50%	5.96%

Return on Investments





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

1. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Miscellaneous Reimbursements	\$10k	\$78k	\$68k
Other Contributions, Reimbursements & Donations - not material	\$19k	\$23k	\$4k
	<u>\$29k</u>	<u>\$101k</u>	<u>\$72k</u>

- a) The City received reimbursement of \$52k from other councils for Long Service Leave taken by their former employees. Other unbudgeted reimbursements include \$9k from Main Roads WA for maintenance on Marmion Avenue Median and \$6k Diesel Fuel Tax Rebate.

2. Fees & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$15,635k	\$15,671k	\$36k
b) Building & Development Fees	\$155k	\$173k	\$18k
c) Sports & Recreation Fees	\$553k	\$584k	\$31k
d) Fines & Penalties	\$109k	\$143k	\$34k
e) Other Fees & Charges	\$27k	\$75k	\$48k
Other variances - not material	\$425k	\$412k	(\$13k)
	<u>\$16,904k</u>	<u>\$17,058k</u>	<u>\$154k</u>

- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) This variance includes Building Licenses \$19k and Development Application Fees \$12k. Fees received include a Building License fee for offices and a church on Shenton Avenue and Development Application fees for Joondalup Resort and Edith Cowan University. These are partially offset by Land Purchase Enquiries received (\$13k) which will be processed in August.
- c) Sports & Recreation Fees variance includes Leisure Centres \$17k mainly due to membership renewals in the Beat the Price Rise promotion and Recreation Services \$8k for back dated fees from sporting clubs and annual hire groups. The variance also includes Community Development \$4k for admission fees for the Youth Holiday Program received ahead of budget phasing.
- d) Revenue received from Parking Infringements is \$28k over the budget due to the level of infringements issued in the last quarter of 2009/10 being higher than expected. Dog Act Cost and Fines revenue is also \$4k above budget.



- e) Revenue received for Fines Enforcement Registry Charges for parking infringements is \$34k above budget due to the previous higher level of infringements lodged. This variance also includes Urban Design & Policy \$13k for fees received for Town Planning Scheme Amendments which are unpredictable and occur on an ad hoc basis.

3. Investment Earnings

Investment income exceeded budget by \$53k, with the volume of funds invested being higher than budget owing to lower expenditure.

4. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$3,642k	\$3,353k	\$289k
b) Other Employment Costs	\$653k	\$554k	\$99k
	<u>\$4,295k</u>	<u>\$3,907k</u>	<u>\$388k</u>

- a) Employment recruitment commenced with a number of positions to be filled in several units resulting in a timing difference compared to the budget.
- b) Other employee costs are below budget including Staff Training following receipt of a reimbursement from the LGIS Members Bonus Scheme of \$27k for E.E.O. training and \$26k for other courses which are behind budget phasing.

Reversal of Fringe Benefits Tax expenses accrued at the financial year end caused a \$22k variance compared to the budget which is phased quarterly.

Also Leisure and Culture staff uniforms of \$9k are still to be purchased and a number of smaller variances occurred across a range of areas.

5. Material and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$125k	\$64k	\$61k
b) Contributions & Donations	\$163k	\$53k	\$110k
c) Furniture, Equipment and Artworks	\$136k	\$63k	\$73k
d) External Service Expenses	\$1,435k	\$952k	\$483k
e) Other Materials	\$141k	\$54k	\$87k
f) Service Charges from Other Councils	\$464k	(\$17k)	\$481k
Other Variances	\$757k	\$761k	(\$4k)
	<u>\$3,221k</u>	<u>\$1,930k</u>	<u>\$1,291k</u>



- a) This variance mainly relates to external Printing including \$36k for Rating Services, \$13k Leisure Centres and \$6k Council Support to be incurred in the coming months.
- b) Contributions to sports clubs are \$120k behind budget mainly for the Beaumaris Sports Association floodlighting where negotiations are continuing over the additional costs of installation due to unstable ground at the work site.

This is partially offset by a Grant Disbursement timing variance for the Wanneroo State Emergency Service (\$15k).

- c) In Parking Services maintenance of ticket machines is \$19k underspent against budget and occurs on a demand basis such as damage to machines.

Other variances include equipment hire for the Community Art Exhibition \$6k, restoration of art works \$4k, and \$21k for maintenance and equipment for the Aquatic and Fitness Centres.

- d) External Contractors Services are below budget \$210k for irrigation maintenance work, tree pruning and turf renovation, where expenditures were incurred and orders raised will be processed in the following month.

Similarly maintenance work on street lighting, footpaths and drainage is \$74k below budget due to a timing difference between the work done and invoiced by suppliers.

External Contractors for Building Maintenance is \$94k below budget predominantly for planned maintenance scheduled to commence in future periods.

External Contractor costs are also below budget for Graffiti Removal \$39k where the reversal of previous accruals partly offset monthly costs. In Leisure Centres a \$31k variance relates to cleaning and hygienic services with some costs still to be processed. The remaining variances are spread across a number of areas and not material.

- e) Material Purchases are below budget \$66k relating to maintenance work committed or scheduled to commence in the coming months, as described in d) above.

No purchases of Trading Stock occurred in the month against the budget of \$21k, however Leisure Centres orders of \$39k for swimming accessories and goggles were raised in the month.

- f) Waste Management Services are \$480k below budget which is a timing difference, pending new quarterly charges being received for the Materials Recycling Facility.



6. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$200k	-	(\$200k)
b) Capital Works	\$24k	\$144k	\$120k
	<u>\$224k</u>	<u>\$144k</u>	<u>(\$80k)</u>

- a) Grants for the Ocean Reef Marina will be applied for following completion of the financial feasibility for Concept Plan 7.
- b) Traffic Management work on Craigie Drive, Gradient Way to Barwon Road, \$144k is complete and the grant has been claimed ahead of budget phasing.

Path work on Hodges Drive, Marmion Avenue to Venturi Drive, (\$24k) is complete and the grant was received last financial year.

7. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$415k	\$1k	\$414k
b) Joondalup Performing Arts & Cultural Facility	\$21k	\$1k	\$20k
c) Upgrade to the Wanneroo Materials Recycling Facility	\$120k	-	\$120k
d) New Financial Application System	\$20k	(\$3k)	\$23k
Other Projects	\$36k	\$6k	\$30k
	<u>\$612k</u>	<u>\$5k</u>	<u>\$607k</u>

- a) Work is continuing on the financial feasibility for Concept Plan 7 and consultancy fees will be paid in August.
- b) In June 2010, Council endorsed the progression of this project which will be guided by a Steering Committee to oversee the project.
- c) The glass cleaning project and other minor works at the Materials Recycling Facility are currently being tendered by Wanneroo, with Joondalup's contribution dependant on the project works.
- d) The Business Research Study for the Project Tracking system is currently being evaluated and is yet to progress.



8. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$592k	\$33	\$559k
b) State Blackspot Projects	\$232k	\$3k	\$229k
c) Parks Equipment Program	\$176k	\$69k	\$107k
d) Major Building Capital Works	\$224k	\$28k	\$196k
e) Major Projects	\$660k	(\$5k)	\$665k
Other Works variances - not material	\$374k	\$163k	\$211k
	<u>\$2,258k</u>	<u>\$291k</u>	<u>\$1,967k</u>

- a) The Burns Beach Road (East) project landscaping and planting phase was planned for the winter months, the major part being budgeted in July, whereas the actual work will extend over a number of months, giving a \$443k variance against budget.

The tender for landscaping, reticulation and planting work on Connolly Drive, between Burns Beach Road and McNaughton Crescent, was delayed and is closing at the end of August, resulting in costs being \$116k below budget.

- b) The work budgeted in July for Craigie Drive; Gradient Way to Barwon Road was actually completed and accrued into the previous year resulting in expenditure being \$144k below budget.

A timing variance occurred on the Duffy Terrace, Whitfords Avenue to Woodvale Drive project \$75k, which commenced in 2009/10, including footpaths and landscaping which is continuing.

- c) Parks Equipment Program progressed with the Replacement of Play Equipment completed at Penistone Park and continuing at other parks \$32k.

The Tennis Court Resurfacing project at Glengarry Park was completed, with various other new projects commencing \$61k. Other variances include Revegetation of Sumps \$43k, where quotations are being obtained, and \$(29k) spread generally due to phasing differences.

- d) Major Building Capital Works includes an amount of \$150k for the Replacement of the Council Chamber Chiller Compressors which was completed and paid in June 2010.

The remaining variance \$46k is spread across a number of other projects, including refurbishments of Calectasia Community Hall and the Greenwood Scout and Guide Hall, and final payments will be made in August.

- e) Construction has commenced on the Seacrest Park Community Sporting Facility \$268k, Fleur Freame Pavilion \$227k and Forrest Park Clubrooms \$159k. Progress payments will occur in the coming months.



9. Motor Vehicle Replacements

This variance relates to two Isuzu trucks \$155k which were actually purchased in the previous financial year.

10. Closing Funds

	Actual
Current Assets	
Cash Assets	\$57,364k
Rates and Sundry Debtors	\$92,750k
GST Receivable	\$355k
Accrued Income	\$1,716k
Advances and Prepayments	\$278k
	\$152,463k
Less: Current Liabilities	
Creditors	(\$1,664k)
Sundry Payables	(\$14,133k)
Provisions - Annual Leave	(\$2,907k)
Provisions - Other	(\$4,728k)
Accrued Expenses	(\$3,353k)
Borrowings	(\$1,169k)
Income in Advance	(\$121k)
GST Payable	(\$125k)
	(\$28,200k)
Net Current Assets	\$124,263k
Less: Borrowings	(\$21k)
Less: Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$83,393k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$35k)
Adjusted Closing Funds - Surplus	\$83,358k