

City of Joondalup

Financial Activity Statement for the
Period Ended 31 May 2010

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

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(64,075,031)	(64,070,760)	(64,149,049)	78,288	0%
Grants and Subsidies		(2,789,340)	(2,752,510)	(2,711,613)	(40,898)	(1)%
Contributions Reimbursements and Donations	1	(1,957,672)	(1,781,520)	(1,871,705)	90,184	5%
Profit on Asset Disposals		(60,306)	(60,306)	(76,457)	16,151	27%
Fees and Charges	2	(26,917,645)	(26,028,464)	(27,065,326)	1,036,863	4%
Investment Earnings		(3,720,632)	(3,433,029)	(3,503,452)	70,423	2%
Other Revenue/Income		(186,677)	(145,726)	(185,139)	39,413	27%
Total Operating Revenue		(99,707,302)	(98,272,315)	(99,562,741)	1,290,426	1%
OPERATING EXPENSES						
Employee Costs		42,245,385	38,786,915	38,375,509	411,406	1%
Materials and Contracts	3	40,447,507	36,521,520	33,975,953	2,545,567	7%
Utilities (gas, electricity, water etc.)		3,969,901	3,621,486	3,476,779	144,707	4%
Depreciation of Non-Current Assets		21,010,867	19,274,168	19,302,111	(27,943)	(0)%
Loss on Asset Disposal		109,217	56,406	74,104	(17,698)	(31)%
Interest Expenses	4	439,147	333,161	199,869	133,292	40%
Insurance Expenses		1,210,033	1,216,520	1,212,029	4,490	0%
Other Expenses		-	-	1,676	(1,676)	(100)%
Total Operating Expenses		109,432,057	99,810,176	96,618,030	3,192,147	3%
(SURPLUS)/DEFICIT FROM OPERATIONS		9,724,755	1,537,861	(2,944,711)	4,482,572	(291)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,010,867)	(19,274,168)	(19,302,111)	27,943	0%
Loss on Asset Disposal		(109,217)	(56,406)	(74,104)	17,698	31%
Profit on Asset Disposals		60,306	60,306	76,457	(16,151)	27%
OPERATING CASH (SURPLUS)/DEFICIT		(11,335,023)	(17,732,407)	(22,244,469)	4,512,062	25%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	5	(12,318,483)	(11,273,310)	(7,234,662)	(4,038,648)	(36)%
Capital Contributions		-	-	-	-	-
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
Total Non-Operating Revenue		(17,198,483)	(11,273,310)	(7,234,662)	(4,038,648)	(36)%
CAPITAL EXPENDITURE						
Capital Projects	6	8,824,052	8,139,846	6,393,536	1,746,310	21%
Capital Works	7	26,237,471	18,490,745	16,627,209	1,863,536	10%
Motor Vehicle Replacements		1,016,053	642,053	602,945	39,108	6%
Loan Repayment Principal	4	886,575	764,665	647,464	117,201	15%
Equity Investments		-	-	23,206	(23,206)	(100)%
Total Capital Expenditure		36,964,151	28,037,309	24,294,360	3,742,949	13%
CAPITAL (SURPLUS)/DEFICIT		19,765,668	16,764,000	17,059,699	(295,699)	-2%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		8,430,645	(968,407)	(5,184,770)	4,216,363	435%
FUNDING						
Proceeds from Disposal		(284,900)	(284,900)	(353,832)	68,932	24%
Loan Funds	4	(6,685,000)	(6,685,000)	-	(6,685,000)	(100)%
Transfer from Reserve		(12,528,672)	-	-	-	-
Transfer to Reserve		7,486,079	-	-	-	-
Transfer to Accumulated Surplus		4,880,000	-	-	-	-
Opening Funds		(1,554,349)	(1,554,349)	(1,554,349)	-	0%
CLOSING FUNDS	8	(256,197)	(9,492,656)	(7,092,951)	(2,399,705)	(25)%

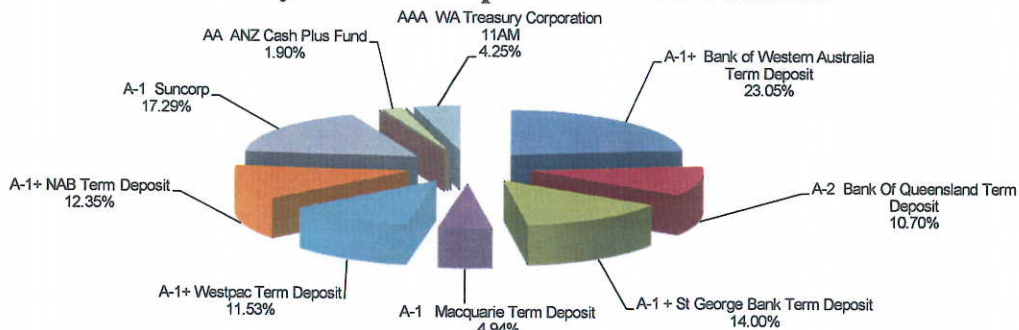


Investment Summary

CITY OF JOONDALUP
May-10

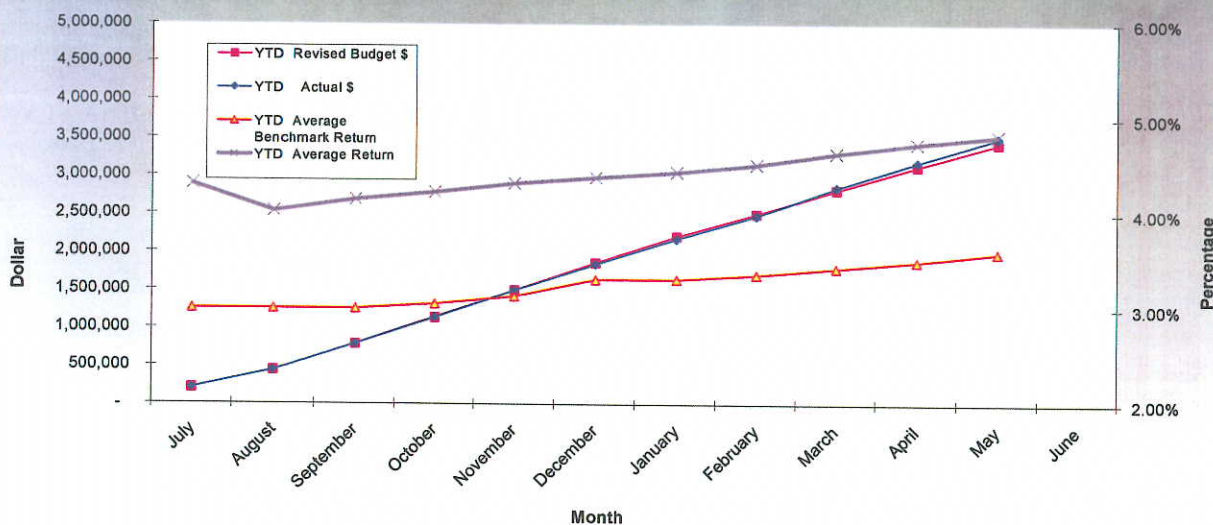
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.84%	5.01%	\$ 14,000,000	23.05%	20%
A-2 Bank Of Queensland Term Deposit	5.99%	5.17%	\$ 6,500,000	10.70%	10%
A-1 + St George Bank Term Deposit	6.07%	4.84%	\$ 8,500,000	14.00%	20%
A-1 Macquarie Term Deposit	6.15%	5.22%	\$ 3,000,000	4.94%	15%
A-1+ Westpac Term Deposit	5.79%	4.69%	\$ 7,000,000	11.53%	20%
A-1+ NAB Term Deposit	6.00%	4.67%	\$ 7,500,000	12.35%	20%
A-1 Suncorp	6.14%	5.34%	\$ 10,500,000	17.29%	15%
A-1+ ANZ Term Deposit	0.00%	4.44%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	3.88%	4.29%	\$ 1,151,851	1.90%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	4.47%	3.57%	\$ 2,580,000	4.25%	20%
Total Investment Portfolio	5.87%	4.82%	60,731,851	100.00%	
Municipal Funds			20,684,236		
Reserve Funds			40,047,615		
			60,731,851		

City of Joondalup - Investment Balances



Month	MTD Revised Budget \$	MTD Actual \$	YTD Revised Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	201,887	201,882	201,887	201,882	3.00%	4.31%
August	234,467	234,301	436,354	436,183	3.00%	4.03%
September	347,561	347,508	783,915	783,691	3.00%	4.15%
October	350,921	349,767	1,134,836	1,133,458	3.05%	4.22%
November	359,543	359,509	1,494,379	1,492,967	3.13%	4.32%
December	363,258	346,355	1,857,637	1,839,322	3.31%	4.38%
January	348,622	333,175	2,206,259	2,172,497	3.31%	4.44%
February	298,195	308,064	2,504,454	2,480,561	3.36%	4.52%
March	316,782	369,059	2,821,236	2,849,621	3.43%	4.64%
April	306,872	333,881	3,128,108	3,183,501	3.50%	4.74%
May	304,921	318,488	3,433,029	3,501,989	3.59%	4.82%

Return on Investments





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

1. Contributions, Reimbursements & Donations

	YTD Revised Budget	YTD Actual	Variance
a) Insurance Reimbursements	\$115k	\$184k	\$69k
b) Legal Fees Recoverable	\$606k	\$101k	(\$505k)
c) Sale of Recyclable Materials - MRF	\$591k	\$914k	\$323k
d) Miscellaneous Reimbursements	\$81k	\$300k	\$219k
Other Contributions, Reimbursements & Donations - not material	\$389k	\$373k	(\$16k)
	<u>\$1,782k</u>	<u>\$1,872k</u>	<u>\$90k</u>

- a) Insurance Reimbursements received include a Workers Compensation claims experience adjustment of \$54k for the 2008/2009 year.
- b) This variance relates to the litigation arising from the weed spraying contractual dispute (\$500k).
- c) The revised budget for the Sale of Recyclables was calculated based on the July to September 2009 quarter revenue which was understated due to weighbridge computer issues at the time. The volumes have been corrected and there have also been significant increases in commodity prices over recent months.
- d) An unbudgeted contribution of \$94k was received from Main Roads WA for maintenance on Marmion Avenue Median, between Beach Road and Ocean Reef Road.

The City received unbudgeted Diesel Fuel Tax Rebate of \$71k and recoups of \$46k were claimed from other councils for Long Service Leave.

2. Fees & Charges

	YTD Revised Budget	YTD Actual	Variance
a) Building & Development Fees	\$1,723k	\$1,993k	\$270k
b) Sports & Recreation Fees	\$5,192k	\$5,385k	\$193k
c) Fines & Penalties	\$1,141k	\$1,343k	\$202k
d) Parking Fees	\$1,106k	\$1,271k	\$165k
e) Other Fees & Charges	\$627k	\$798k	\$171k
Other variances - not material	\$16,239K	\$16,275k	\$36k
	<u>\$26,028k</u>	<u>\$27,065k</u>	<u>\$1,037k</u>



- a) The increase in Building Licenses \$160k and Development Application Fees \$87k is attributable to a general increase in planning and development activity, including an application for a large retail store with associated parking.
- b) Sports & Recreation Fees include \$105k Learn to Swim Program and \$36k Term Program Activities mainly from increases in the overall level of participation across core service areas. Fees received for Facilities Hire are \$64k over budget with bookings at the Craigie Leisure Centre being higher than anticipated. Smaller variances in Court Sports revenue and other activities reduce the overall income total.
- c) This variance mainly relates to Parking Infringements \$218k, due to more infringements being processed in the City Centre and also under agreements with Lakeside Joondalup Shopping Centre, Hillarys Boat Harbour and Joondalup Health Campus. The higher revenue is offset by a shortfall compared to budget of (\$16k) for Library Fines and Penalties.
- d) Parking Fees (Off-Street) are \$117k above budget due to increased patronage in City Car Parks and payment by Joondalup Health Campus for exclusive use of 166 bays in Lawley Court Car Park during the initial stage of the campus redevelopment. In addition Parking Fees (On-Street) are \$25k above budget.

Private Property Agreements with Joondalup Health Campus and the Department of Transport at Hillarys Boat Harbour have generated \$22k additional revenue to budget.

- e) Fines Enforcement Registry Charges for parking infringements are \$99k above budget due to an increase in the number of infringements issued and a backlog of unpaid infringements. This revenue is partially offset by higher fees incurred. (see 3 a) below).

Infrastructure Management Services received an amount of \$27k for Administration and Engineering Supervision Fees in relation to Iluka subdivision for work previously designed and supervised by external consultants.

3. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$1,633k	\$1,511k	\$122k
b) Public Relations, Advertising & Promotions	\$928k	\$728k	\$200k
c) Contributions & Donations	\$1,725k	\$1,131k	\$594k
d) Furniture, Equipment and Artworks	\$1,696k	\$1,489k	\$207k
e) External Service Expenses	\$16,310k	\$15,583k	\$727k
f) Other Materials	\$1,748k	\$1,274k	\$474k
g) Travel, Vehicles & Plant	\$1,387k	\$1,184k	\$203k
h) Accommodation & Property	\$513k	\$640k	(\$127k)
Other Variances	\$10,582k	\$10,436k	\$146k
	<u>\$36,522k</u>	<u>\$33,976k</u>	<u>\$2,546k</u>



- a) Consultancy expenditure is \$269k below budget. This includes Percy Doyle Master Plan \$60k, Sump soil and plant analysis \$30k, Website Development \$42k, Customer Satisfaction Monitor \$35k and Financial Audit \$20k. Budgeted expenditure that will not occur includes CAD Drawing Redevelopment \$15k and Iconic Entry Statements \$16k.

Legal Expenses are (\$81k) over budget. This is mainly as a result of the ongoing weed spraying litigation that the City is dealing with offset by \$50k for the proposed Shared Use Agreements for use of ovals with Schools not yet incurred.

Lodgement Fees for Fines Enforcement of unpaid parking infringements are (\$92k) and vehicle license searches (\$26k) over budget. The additional lodgement fee is offset by higher revenue received, (see 2 e) above).

- b) General Advertising expenditure is \$108k under budget. This includes Leisure & Culture \$43k partly due to some contra advertising sponsorships received. Also Marketing is \$33k below budget, this includes savings for the Joondalup Business Association directory \$10k and City branding adverts \$10k.

Promotion expenditure is \$62k below budget, of which \$45k relates to various Economic, Environmental & Planning Promotions including World Environment Day and Naidoc Day with funds to be expended before the end of this financial year.

Signage across the City is \$29k below budget, expenditure of \$35k will be incurred in June for CBD Banners and Corporate signage.

- c) Contributions to sports clubs are \$435k below budget due to construction delays. The Arena Community Sports and Recreation Association clubrooms and floodlighting at Beaumaris Sports Association will be completed in the next financial year.

Specified Area Rates expenditure was incorrectly budgeted as contributions, which as a result are \$49k below budget. Actual expenditure occurred as External Contractor costs.

Payment of \$50k towards the purchase of a new boat for Whitfords Volunteer Sea Rescue will be made in June.

The Grant Disbursements for Community Safety Video Surveillance \$43k will not occur this financial year with the MacNaughton Park project to be undertaken in 2010/11.

- d) Purchases of Computer & Communications Equipment are \$66k below budget for the City. This includes a saving of \$26k for Network Services due to lower unit prices obtained for non-capital computer equipment purchased and a timing variance of \$8k for cabling work being done at the Libraries.

Plant & Equipment Minor Purchases are \$78k below budget including \$33k for the purchase of Waste Bins with the balance spread across a number of areas.



Computer & Communications Equipment Maintenance & Repairs are \$26k below budget, partly due to lower unit prices and the bundling of warranty with purchase price, and are forecast to be below budget for the year.

Other variances include Furniture, Plant and Equipment maintenance and repairs at the Leisure Centres \$17k and Parking Services \$16k.

Over expenditure occurred on Hire of Equipment for the Joondalup Festival (\$15k) which is offset by other savings and higher than expected income.

- e) Programme Activities are \$77k below budget including \$28k for various Community Development programs and \$26k for the Jinan Delegation which took place in May.

External Contractors includes \$404k for Operation Services including various work scheduled for winter months in Natural Areas and Parks \$229k for irrigation pumps maintenance, tree pruning, turf maintenance and fencing. Engineering Maintenance \$175k similarly includes drainage cleaning work, road sweeping and sump pit clearing. Expenditure is expected to meet budget by the year end.

External Contractors for Building Maintenance are (\$161k) above budget primarily following storm damage to several of the City's major buildings and will be partly offset by insurance claims in June.

City Watch and Graffiti Removal External Contractor costs are \$189k below budget due to budget phasing and are forecast to be on budget for the year.

Waste Management External Contractor cost for the collection of recycling is \$54k below budget however Tipping Fees are (\$118k) over budget.

Other variances include Environmental Development Cities for Climate Protection \$76k, various Production Costs \$58k and Management Fees for the Warwick Leisure Centre \$30k which are now being charged to Contributions.

- f) Material Purchases are below budget in Operation Services \$315k, with orders placed including plants for landscaping, drainage grates and pipes and irrigation materials.

Refurbishment works for the Administration Building are \$86k below budget, quotes have been received for the planned replacement of carpet and an order has been placed. Work is to take place in early July 2010.

- g) Travel, Vehicles & Plant running cost variance is mainly in fuel costs \$199k which anticipated a fuel increase for the remainder of the year.
- h) Waste Removal costs from the Works Operation Centre is (\$118k) over budget for Green waste collections which including removal of storm damage waste in Parks and Reserves.



4. Interest Expenses & Loan Repayment Principle

Savings in interest resulted from deferring the budgeted borrowings to fund the Aquatic Facilities' upgrade and the West Coast Drive project. The loans are to be drawn down in June this financial year.

5. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Major Projects Program	\$1,305k	\$360k	(\$945k)
b) Major Road Construction Program	\$4,647k	\$2,693k	(\$1,954k)
c) Blackspot Projects	\$1,082k	\$631k	(\$451k)
d) Road Preservation and Resurfacing Program	\$3,869k	\$2,908k	(\$961k)
e) Bridges Program	\$22k	\$310k	\$288k
Other	\$348k	\$333k	(\$15k)
	<u>\$11,273k</u>	<u>\$7,235k</u>	<u>(\$4,038k)</u>

- a) The grant for the RLCIP Seacrest Park, Macdonald Reserve and Forrest Park projects (\$1,305k) is expected to be received in 2010/11.

The City received an additional unbudgeted RLCIP grant of \$360k for the Gibson Park Community Centre Project.

- b) Major Road Construction variance includes Connolly Drive between Burns Beach Road and McNaughton Crescent (\$250k) which will be received in 2010/11 upon completion of the project.

The landscaping work for Burns Beach Road East project is also below budget (\$1,060k) and is subject to plants being available.

The grant for Moore Drive / Connolly Drive (\$644k) will not be received this financial year as the project is in the design stage and works are not due to commence until the next financial year.

- c) State Black Spot funding claims for 2009/10 works are behind budget and are subject to the progression of various projects, including Craigie Drive (\$144k), Duffy Terrace (\$156k), Whitfords Avenue (\$54k), Mullaloo Drive (\$22k) and Canham Way (\$18k).

Ocean Reef Drive - Craigie Drive Roundabout (\$270k) is complete and the grant will be claimed in June.

The 2010/11 State Black Spot Program has received early endorsement by the State Advisory Committee and the City has claimed \$230k of the 2010/11 grants this financial year for pre-construction activities.



- d) Metropolitan Regional Road Programs Dorchester Ave (\$396k) and Trappers Dr (\$459k) have commenced however further grants cannot be recouped until the initial 40% is expended.

Marmion Avenue final grant claims are \$105k below budget due to a change in the scope of works as agreed with Main Roads WA.

- e) The City received grants totaling \$310k for bridge projects on Kingsley Drive, Ocean Reef Road and Barridale Drive as part of a Special Roads to Recovery Grant. These projects were not in the mid year review.

6. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Aquatic Facilities Upgrade - CLC	\$5,952k	\$4,884k	\$1,068k
b) Ocean Reef Marina Development	\$576k	\$179k	\$397k
c) New Financial Application System	\$150k	\$83k	\$67k
d) Cultural Facility	\$167k	\$20k	\$147k
e) Corporate PC & Printer Replacement Program	\$103k	\$56k	\$47k
Other Projects	\$1,192k	\$1,172k	\$20k
	<u>\$8,140k</u>	<u>\$6,394k</u>	<u>\$1,746k</u>

- a) There are still some outstanding contractor payments for the 50 metre pool at Craigie Leisure Centre. It is expected that it will be under budget. This is being funded by a loan.
- b) In December 2009 Council endorsed Concept Plan 7 for progression to the Structure Plan and Business Case preparation phase. The project is being progressed to the Business Plan stage.
- c) Implementation of the Contract Management and the Project Tracking systems are behind schedule and the latter is expected to extend beyond the end of June. Sufficient funds will be carried forward to the next financial year to cover the continuing implementation costs.
- d) The City is currently awaiting endorsement by Council of the Project Philosophy and Parameters report.
- e) Various orders for the Corporate PC & Printer Replacement Program were received in May however invoices will be processed in June.



7. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	\$2,275k	\$2,847k	(\$572k)
b) Traffic Management	\$2,049k	\$1,192k	\$857k
c) Streetscape Enhancement	\$2,962k	\$3,688k	(\$726k)
d) Paths Program	\$773k	\$279k	\$494k
e) Parks Play Equipment Program	\$1,584k	\$1,071k	\$513k
f) Major Building Capital Works Program	\$1,997k	\$1,671k	\$326k
g) Seacrest Community Sports Facility	\$1,081k	\$262k	\$819k
Other Works variances - not material	\$5,770k	\$5,617k	\$153k
	<u>\$18,491k</u>	<u>\$16,627k</u>	<u>\$1,864k</u>

- a) The Major Roads Construction Program variance includes the Moore Drive / Connolly Drive Dual Carriageway project \$265k that is currently in the design stage and undergoing traffic assessments.

Construction work on Connolly Drive (\$583k) between Burns Beach Road and McNaughton Crescent is complete apart from the landscaping and footpath phase of the project and landscaping on Burns Beach Road East (\$254k) project is progressing according to the program for the supply of plants. Both projects are anticipated to be completed by December 2010. The variances are due to the timing of payments compared to budget phasing.

- b) The Traffic Management variance comprises Blackspot projects \$312k and Local Road Traffic Management \$545k. Blackspot projects include:

- The design for Duffy Terrace, between Whitfords Avenue and Woodvale Drive has been approved by Main Roads and safety audits undertaken \$379k
- Canham Way, Wanneroo Road to Cockman Road commenced in January and is currently at an advanced stage, variance (\$91k) is due to budget phasing.
- Edgewater Drive, Ocean Reef Road to Wedgewood Drive \$76k has yet to commence and will be carried forward to 2010/11.

The Local Road Traffic Management projects include Cliff St, Poynter Dr, Dampier Ave, Swanson Way, Waterford Dr and Quilter Dr totalling \$521k have all commenced or are in the design stage.

- c) The variance includes budgeted projects on Joondalup Drive (\$181k) and Hodges Drive \$113k which are progressing during the winter planting period.

Work around the Marmion Toilet Block is still to be completed as part of the West Coast Drive project, the variance of (\$1,013k) is due to budget phasing.

The Entry Statements project \$371k is subject to Council approval and the design scope for Central Walk Lighting is being determined \$40k.

- d) This variance includes Coastal Shared Path upgrades at Hillarys Boat Harbour 1km north \$250k and Burns Beach 1.6km south \$241k. The 50% grant funding for these projects will not be received however the City's matching contribution will be carried forward to 2010/11 and redirected to fund the Burns Beach Path.



- e) In the Parks Play Equipment Program work on the Iluka Beach Shelter \$89k is anticipated to be complete by the end of June.

Variances to budget include Play Equipment for Penistone Park \$38k and Kilrenny Park \$10k and Tennis Court resurfacing \$169k. Some orders have been placed however the majority of the actual work will be completed in 2010/11.

Revegetation of sumps \$97k is progressing with two thirds of park and verge trees planting completed. Other variances occurred in a range of parks and are not material.

- f) A revised scope has been approved for the Replacement Chiller Compressors at the Civic Chambers \$167k and the project is progressing. The project will be completed this financial year with no carry over.

Variances to budget on projects include Mullaloo Surf Club Repainting \$61k, Calectasia Hall Refurbishment \$100k and Greenwood Scout & Guide Hall Refurbishment \$100k. Orders have been placed however the majority of the actual work is anticipated to be completed by August 2010.

- g) This project has now been split into three separate new components. The designs for the three new projects have been finalised and construction is expected to commence in July 2010.



8. Closing Funds

	Actual
Current Assets	
Cash Assets	\$60,719k
Rates and Sundry Debtors	\$978k
GST Receivable	\$542k
Accrued Income	\$1,007k
Advances and Prepayments	\$540k
	\$63,786k
Less: Current Liabilities	
Creditors	(\$3,090k)
Provisions - Annual Leave	(\$2,909k)
Provisions - Other	(\$4,373k)
Accrued Expenses	(\$4,586k)
Borrowings	(\$469k)
Income in Advance	(\$167k)
GST Payable	(\$140k)
Other- Clearing	(\$104k)
	(\$15,838k)
Net Current Assets	\$47,948k
Less: Restricted Assets	(\$40,258k)
Closing Funds - Surplus	\$7,690k
Non Current adjustments to closing funds	
Less: Provision for LSL Non-current	(\$553k)
Less: Equity Investment MRF	(\$149k)
Plus: LSL Receivables	\$99k
Plus: Other Adjustments	\$6k
Adjusted Closing Funds - Surplus	\$7,093k