

City of Joondalup

Financial Activity Statement for the
Period Ended 30 September 2010

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City of Joondalup
Financial Activity Statement
for the period ended 30 September 2010

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,420,408)	(68,960,608)	(69,268,629)	308,021	0%
Grants and Subsidies	1	(3,119,042)	(791,944)	(121,268)	(670,676)	(85)%
Contributions Reimbursements and Donations	2	(2,417,419)	(406,959)	(672,509)	265,549	65%
Profit on Asset Disposals		(105,164)	(18,342)	-	(18,342)	(100)%
Fees and Charges	3	(28,596,520)	(18,982,094)	(19,480,710)	498,616	3%
Investment Earnings	4	(3,798,858)	(913,072)	(1,235,603)	322,531	35%
Other Revenue/Income		(121,000)	(30,250)	(56,574)	26,324	87%
Total Operating Revenue		(107,578,411)	(90,103,269)	(90,835,293)	732,024	1%
OPERATING EXPENSES						
Employee Costs	5	45,149,333	11,707,288	10,936,689	770,599	7%
Materials and Contracts	6	40,915,704	10,506,493	9,440,167	1,066,326	10%
Utilities (gas, electricity, water etc.)	7	4,641,753	1,221,551	1,141,409	80,142	7%
Depreciation of Non-Current Assets		21,306,833	5,357,147	5,568,267	(211,120)	(4)%
Loss on Asset Disposal		62,490	16,707	20,159	(3,452)	(21)%
Interest Expenses		699,800	156,010	144,405	11,605	7%
Insurance Expenses		1,239,486	973,918	980,471	(6,553)	(1)%
Total Operating Expenses		114,015,398	29,939,115	28,231,567	1,707,548	6%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,436,988	(60,164,154)	(62,603,726)	2,439,571	4%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,306,833)	(5,357,147)	(5,568,267)	211,120	4%
Loss on Asset Disposal		(62,490)	(16,707)	(20,159)	3,452	21%
Profit on Asset Disposals		105,164	18,342	-	18,342	100%
OPERATING CASH (SURPLUS)/DEFICIT		(14,827,171)	(65,519,667)	(68,192,152)	2,672,485	4%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(9,840,460)	(2,276,667)	(1,702,323)	(574,344)	(25)%
Capital Contributions		-	-	-	-	-
Acquired Infrastructure Assets *		(1,725,000)	-	-	-	-
Total Non-Operating Revenue		(11,565,460)	(2,276,667)	(1,702,323)	(574,344)	(25)%
CAPITAL EXPENDITURE						
Capital Projects	9	3,979,222	1,630,546	195,140	1,435,406	88%
Capital Works	10	31,922,178	7,727,985	3,266,477	4,461,508	58%
Motor Vehicle Replacements	11	2,057,360	428,960	228,399	200,561	47%
Loan Repayment Principal		1,279,959	287,173	291,349	(4,176)	(1)%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		39,238,719	10,074,665	3,981,365	6,093,300	60%
CAPITAL (SURPLUS)/DEFICIT		27,673,259	7,797,998	2,279,042	5,518,956	71%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		12,846,088	(57,721,669)	(65,913,110)	8,191,441	14%
FUNDING						
Proceeds from Disposal		(406,000)	(95,900)	(47,872)	(48,028)	(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	12	(27,222)	(59,029,764)	(70,569,360)	11,539,596	20%

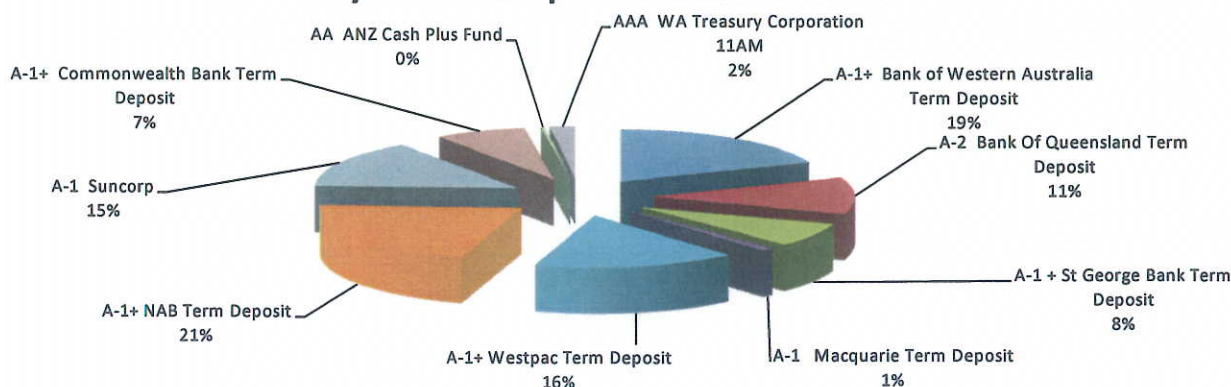


Investment Summary

CITY OF JOONDALUP
September-10

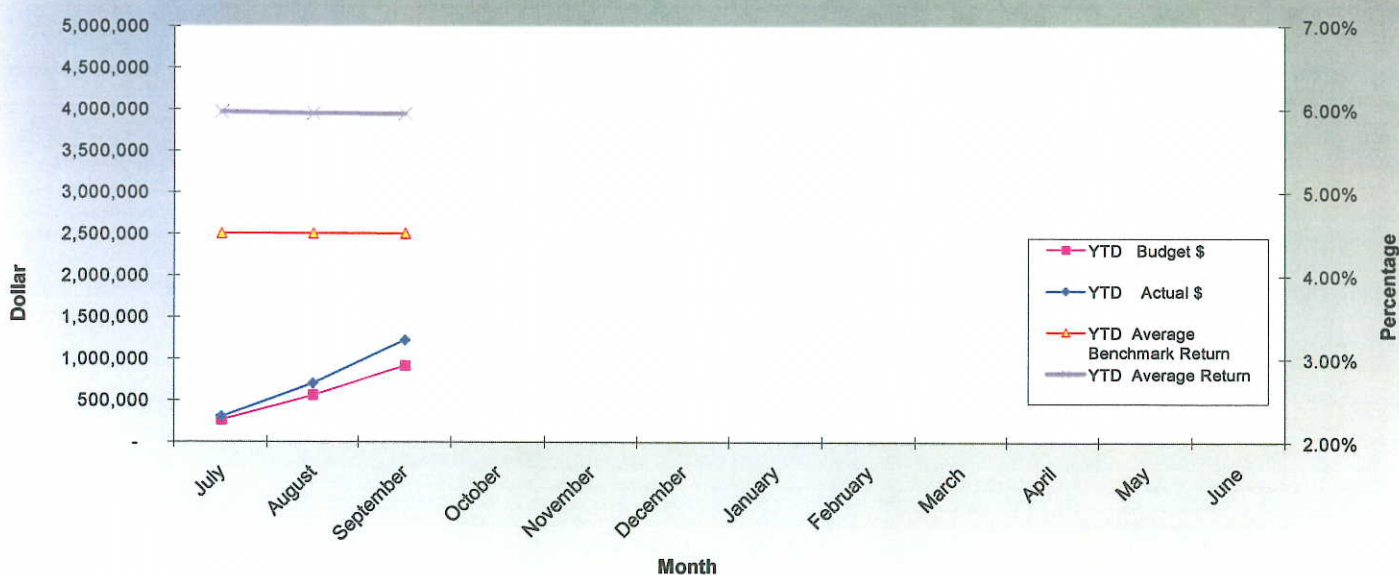
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	6.03%	5.98%	\$ 19,300,000	18.98%	20%
A-2 Bank Of Queensland Term Deposit	6.13%	6.13%	\$ 11,500,000	11.31%	10%
A-1 + St George Bank Term Deposit	5.68%	5.80%	\$ 7,500,000	7.37%	20%
A-1 Macquarie Term Deposit	6.05%	6.14%	\$ 1,000,000	0.98%	15%
A-1+ Westpac Term Deposit	6.01%	5.96%	\$ 16,500,000	16.22%	20%
A-1+ NAB Term Deposit	5.99%	5.99%	\$ 21,000,000	20.65%	20%
A-1 Suncorp	6.14%	6.19%	\$ 15,000,000	14.75%	15%
A-1+ Commonwealth Bank Term Deposit	5.64%	5.64%	\$ 7,500,000	7.37%	20%
AA ANZ Cash Plus Fund	7.31%	6.35%	\$ 292,185	0.29%	20%
AAA WA Treasury Corporation 11AM	4.45%	4.45%	\$ 2,115,000	2.08%	20%
Total Investment Portfolio	5.93%	5.94%	101,707,185	100.00%	
Municipal Funds			60,993,990		
Reserve Funds			40,713,195		
			101,707,185		

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%
August	298,870	400,613	555,710	699,249	4.50%	5.94%
September	357,361	521,996	913,071	1,221,245	4.50%	5.94%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2010

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$595k	-	(\$595k)
b) Other State & Commonwealth Grants & Subsidies	\$197k	\$121k	(\$76k)
	<u>\$792k</u>	<u>\$121k</u>	<u>(\$671k)</u>

- a) The first quarterly payment for the 2010/11 General Purpose State Local Government Assistance Grant (\$595k) is expected to be received in October.
- b) Other grants are below budget including (\$60k) which is part of the quarterly State Local Government Assistance Grant forecast to be received in October. The balance of the unfavourable variance is mainly due to the timing of the grants received compared to budget phasing.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$76k	\$76k
b) Miscellaneous Reimbursements	\$18k	\$117k	\$99k
c) Other Contributions, Reimbursements & Donations	\$389k	\$480k	\$91k
	<u>\$407k</u>	<u>\$673k</u>	<u>\$266k</u>

- a) The City received an Insurance Reimbursement of \$68k for damage caused by the West Coast Storm in March 2010.
- b) The City received unbudgeted reimbursements including \$81k from other councils for Long Service Leave taken by their former employees and \$9k from Main Roads WA for maintenance on Marmion Avenue Median.
- c) This favourable variance includes \$27k for an unbudgeted contribution received from LGIS for EEO training and \$25k advertising rebate received from WALGA which was budgeted to be received later in the year.

The Sale of Recyclable Materials at the Materials Recovery Facility exceeded budget by \$37k.



3. Fees & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$15,635k	\$15,664k	\$29k
b) Building & Development Fees	\$488k	\$601k	\$113k
c) Hire & Rentals	\$141k	\$203k	\$62k
d) Fines & Penalties	\$328k	\$396k	\$68k
e) Parking Fees	\$335k	\$395k	\$60k
f) Other Fees & Charges	\$87k	\$206k	\$119k
Other variances - not material	\$1,968k	\$2,016k	\$48k
	<u>\$18,982k</u>	<u>\$19,481k</u>	<u>\$499k</u>

- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) This includes \$97k for Development Application Fees due to large fees received for proposed developments at Joondalup Resort, Edith Cowan University, Currambine Shopping Centre and Sentiens Joondalup Hospital.
- c) This variance is predominantly due to the timing of Property Rental and Outgoings revenue that has been received on an annual basis compared to a period based budget.
- d) Revenue received from Parking Infringements is \$57k over budget as the level of infringements issued is higher than expected. Dog Act Costs and Fines and Poundage Fees are \$10k above budget.
- e) Parking Fees (Off-Street) are \$30k above budget due to increased patronage in City Car Parks and payment by Joondalup Health Campus for exclusive use of 136 bays in Lawley Court Car Park during the campus redevelopment. In addition Parking Fees (On-Street) are \$18k above budget.

Private Property Agreements are \$13k above budget due to a temporary increase in the level of patrols in the Joondalup Health Campus.

- f) Revenue received for Fines Enforcement Registry Charges for parking infringements is \$92k above budget caused by a higher level of infringements lodged at the end of the previous year. This revenue is partially offset by higher fees incurred. (see 6 b) below)

This variance also includes \$15k unbudgeted fees received for District Planning Scheme Amendments and Administration Fees \$5k.

4. Investment Earnings

Investment income exceeded budget by \$323k, with the volume of funds invested being higher than budget owing to lower expenditure.



5. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$10,916k	\$9,907k	\$1,009k
b) Other Employment Costs	\$791k	\$1,030k	(\$239k)
	<u>\$11,707k</u>	<u>\$10,937k</u>	<u>\$770k</u>

- a) Recruitment later than expected in a number of vacant positions has resulted in a \$613k saving compared to the budget. In addition the variance includes approximately \$396k for budgeted salary increases from 1 July which are yet to occur.
- b) Staff Training is below budget \$73k for various courses which are behind budget phasing.

The Employee Labour capital recovery variance is (\$136k) unfavourable as a result of budgeted project staff still being recruited and capital works that are behind the budget schedule.

Agency Employee expenditure is (\$58k) over budget in Parking Services to cover vacant positions and secondments of staff to other areas, the variance being offset by savings in Salary and Wages.

The Provision for Employee Entitlements is (\$128k) over budget and is dependant on when employees take their annual and long service leave.

6. Material and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$371k	\$263k	\$108k
b) Professional Fees & Costs	\$548k	\$512k	\$36k
c) Contributions & Donations	\$414k	\$223k	\$191k
d) Furniture, Equipment and Artworks	\$439k	\$225k	\$214k
e) Other Materials	\$430k	\$360k	\$70k
f) External Service Expenses	\$4,411k	\$3,905k	\$506k
g) Accommodation & Property	\$125k	\$206k	(\$81k)
h) Travel, Vehicles & Plant	\$402k	\$344k	\$58k
i) Service Charges from Other Councils	\$2,082k	\$2,240k	(\$158k)
Other Variances	\$1,284k	\$1,162k	\$122k
	<u>\$10,506k</u>	<u>\$9,440k</u>	<u>\$1,066k</u>

- a) Printing costs for the City are \$85k below budget. This includes \$30k for the City Directory that is not likely to be produced, \$8k for the City News - Budget Edition that will be processed in October and \$20k for Leisure Centres promotional material that is to be paid in later months.



Administration expenditure is also below budget for Corporate Membership \$12k and Medical Supplies \$8k.

- b) Consultancy expenditure is \$140k below budget and includes Currambine Community Centre \$30k, Edgewater Quarry \$30k and Percy Doyle Master Plan \$35k.

Lodgement Fees for Fines Enforcement of unpaid parking infringements are (\$35k) over budget, offset by higher revenue received (see 3 d) above). Legal expenses are (\$60k) over budget due to the Mindarie Regional Council mediation over the withdrawal of Stirling City Council.

- c) Contributions to sports clubs are \$120k behind budget. The Beaumaris Sports Association floodlighting is delayed pending clarification of revised costs. The Ocean Ridge Football Club floodlighting project was complete in August and payments are expected to be made in October. The Arena Community Sports and Recreation Association project is delayed and expected to be completed by June 2011.

The research project for monitoring and mapping of the water quality entering into Yellagonga wetlands is \$50k below budget, this is due to project modifications and is now anticipated to be conducted by the end of December.

- d) Plant and Equipment maintenance is below budget including timing differences for Parking Services ticket machines \$28k and the Leisure Centre pools \$23k. Maintenance of the Video Surveillance Systems for public areas is currently under review generating savings to budget of \$16k.

Expenditure is yet to occur for Furniture and Office Equipment for the back office set up at the Leisure Centre \$10k, equipment for Swim School and Leisure Short Courses \$19k and Waste Refuse Bins \$82k. The balance is spread across a number of areas.

- e) The purchase of trading stock for the Leisure Centres is \$32k below budget due to the late delivery of stock to be processed in October.

Material purchases are \$57k below budget for Operation Services for which orders have been placed. Materials for building work are \$61k under budget relating to reactive maintenance work that fluctuates throughout the year.

Building minor works is (\$70k) above budget including carpet replacement on the second floor of the administration building completed ahead of budget phasing.

- f) External Contractors Services are below budget \$293k for Operations Services across a number of areas such as streetlighting, irrigation, landscape maintenance and street tree pruning and removal mainly due to timing differences. This also includes refuse removal charges where actual charges are being coded to Accommodation and Property. (See g) below).

The processing of the contractor cleaning invoices for the Leisure Centres are one month behind budget generating a favourable variance of \$43k.



External contractor costs are \$85k below budget due to delays with the tender documents for the collection of data relating to the City's road network including inventory updates, condition rating and roughness testing.

Strategic and Organisational Development is \$32k below budget mainly due to timing differences for Yellagonga Interpretive Signage, Cities for Climate Protection and Green Frogs projects. Other areas below budget include Graffiti Removal \$25k and City Watch \$18k.

- g) Expenditure is above budget (\$74k) for refuse removal charges at the Works Operations Centre as these were budgeted as External Contractors (see f above). Also (\$20k) over budget occurred for the hire of the Customer Service Office at Westfield Whitfords City and for the storage and retrieval of records due to incorrect budget phasing.

Expenditure is \$25k below budget for the Tamala Park rates as the invoice is yet to be processed.

- h) This favourable variance includes \$17k for fuel due to the strong dollar that has kept prices below the budget estimate. Other fleet running costs are below budget including parts, repairs and servicing.
- i) Waste Management charges from the City of Wanneroo are (\$157k) over budget mainly due to year to date bulk tonnages being higher than anticipated in the budget.

Other variances are spread across a number of different areas and are not material.

7. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,080k	\$1,014k	\$66k
Gas and Water - not material	\$141k	\$127k	\$14k
	<u>\$1,221k</u>	<u>\$1,141k</u>	<u>\$80k</u>

- a) Electricity costs for the City are running below budget which is spread across a number of areas including parks and streetlighting.

8. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$600k	-	(\$600k)
b) Major Projects Program	-	\$522k	\$522k
c) Major Road Construction	\$771k	\$902k	\$131k
d) Road Preservation & Resurfacing Program	\$544k	\$225k	(\$319k)
e) Blackspot Program	\$338k	\$54k	(\$284k)
f) New Paths Program	\$24k	-	(\$24k)
	<u>\$2,277k</u>	<u>\$1,703k</u>	<u>(\$574k)</u>



- a) Grants for the Ocean Reef Marina are still to be applied for.
- b) The City received progress payments for the Regional Local Community Infrastructure Projects at Seacrest Park \$198k, Macdonald Reserve \$193k and Forrest Park \$131k which were budgeted to be received in 2009/10.
- c) The initial grant received for the Moore Drive East project exceeded budget by \$141k and further amounts will be claimed as the project progresses.
- d) This variance is mainly due to the first quarterly payment of the 2010/11 State Local Roads Grant budgeted to be received in August that was delayed and is expected to be received in October.
- e) Traffic Management work on Craigie Drive, Gradient Way to Barwon Road, (\$144k) is complete and the grant claimed and accounted for in the previous financial year.

The variance also includes the first 40% of the Federal Blackspot grant for Marmion Avenue / Hepburn Avenue project (\$37k) and the second 40% of the State grant for Duffy Terrace, Whitfords Avenue to Woodvale Drive, which will be claimed in October.

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

9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$1,031k	\$52k	\$979k
b) Joondalup Performing Arts & Cultural Facility	\$61k	\$1k	\$60k
c) Cafes, Restaurants & Kiosks	\$61k	\$1k	\$60k
d) Upgrade to the Wanneroo Materials Recycling Facility	\$120k	-	\$120k
e) New Financial Application System	\$50k	\$4k	\$46k
f) Library Management System	\$80k	\$17k	\$63k
g) Councillors Lounge - Various furniture	\$37k	-	\$37k
Other Projects	\$191k	\$120k	\$71k
	<u>\$1,631k</u>	<u>\$195k</u>	<u>\$1,436k</u>

- a) Work is continuing on the tasks associated with the preparation of the feasibility study of Concept Plan 7.
- b) Council has endorsed the appointment of and the Terms of Reference for the Project Steering Committee.
- c) The Cafes, Restaurants & Kiosks variance is due to the incorrect phasing of the budget.
- d) 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.



- e) Configuration of the Works and Assets Project Tracking system is continuing and testing will commence in October for planned implementation in December.
- f) Orders have been placed for the Library Management System. Scheduled implementation and go live has been delayed until early December due to unexpected delays in the delivery of the equipment.
- g) Furniture is being sought that will meet the specified requirements before orders are placed.

Other projects are comprised of a number of variances that are not material.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$1,162k	\$582k	\$580k
b) State Blackspot Projects	\$669k	\$303k	\$366k
c) Parks Equipment Program	\$678k	\$298k	\$380k
d) Road Preservation / Resurfacing Program	\$645k	\$259k	\$386k
e) Bridges Program	\$301k	-	\$301k
f) Foreshore and Natural Areas Management	\$182k	\$12k	\$170k
g) Major Building Capital Works	\$820k	\$467k	\$353k
h) Major Projects	\$2,230k	\$729k	\$1,501k
Other Works variances - not material	\$1,041k	\$616k	\$425k
	<u>\$7,728k</u>	<u>\$3,266k</u>	<u>\$4,462k</u>

- a) The Burns Beach Road (East) project landscaping and planting phase was planned for the winter months, whereas the actual work will extend over a number of months, giving a \$217k variance against budget.

The landscaping, reticulation and planting work on Connolly Drive, between Burns Beach Road and McNaughton Crescent commenced at the end of September. Work is anticipated to be completed in December, resulting in a variance compared to budget of \$267k for the period.

Work has commenced on the Moore Drive / Connolly Drive dual carriageway with construction of the project extending until May 2011, giving a \$95k favourable variance to budget.

- b) The work budgeted in July for Craigie Drive; Gradient Way to Barwon Road was actually completed and the grant claimed in the previous year, resulting in expenditure being \$144k below budget. (see 9 e) above).

A favourable timing variance occurred on the Duffy Terrace, Whitfords Avenue to Woodvale Drive project \$134k that commenced in 2009/10 and includes footpaths and landscaping which is still continuing. The Whitfords - Endeavour Traffic Signals project is also \$49k below budget and waiting for Western Power electricity connection expected by the end of October.



- c) Expenditure is below budget for various Tennis Court Resurfacing and Fencing projects totalling \$138k.

The remaining variance includes Revegetation of Sumps \$68k where work has commenced in September. Replacement for various Cricket Wickets across the City is being programmed with under expenditure of \$158k resulting for pads, mats and carpets.

- d) The road resurfacing program was delayed by weather conditions in August, coordination with Duffy Terrace Traffic management scheme and delays due to contractors. There is a significant level of committed work which will enable the program to be on schedule by the end of the second quarter.
- e) The Bridges program is now expected to be completed in March 2011 owing to difficulty experienced in obtaining contractors quotes.
- f) Favourable variances occurred on the North Marmion Beach redevelopment \$120k which is currently awaiting quotes to commence works and Burns Beach Groyne rebuild \$42k for which installation is expected to commence in October.
- g) Expenditure was below budget \$150k for the Replacement of the Council Chamber Chiller Compressors and \$77k for the Mullaloo Surf Life Saving Club repainting. These were completed in 2009/2010 and the budget will be adjusted when revised in December.

The balance of the favourable variance \$126k is spread across a number of other projects, and is mainly as a result of the timing of the actual works against budget phasing. This includes Asbestos Management for which a plan is being developed.

- h) Construction is progressing on these projects however progress payments are behind budget phasing on Seacrest Park Community Sporting Facility \$431k, Fleur Freame Pavilion \$464k, Forrest Park Clubrooms \$313k. Construction on the Gibson Park Community Centre is due to commence in October which is behind budget phasing generating a favourable timing variance of \$292k.

11. Motor Vehicle Replacements

Two Isuzu trucks \$155k were actually purchased in the previous financial year. The balance is mainly due to replacements being behind budget phasing with outstanding orders raised for various vehicles totaling \$320k.



12. Closing Funds

	Actual
Current Assets	
Cash Assets	\$101,345k
Rates and Sundry Debtors	\$32,866k
GST Receivable	\$992k
Accrued Income	\$1,515k
Advances and Prepayments	\$290k
	\$137,008k
Less: Current Liabilities	
Creditors	(\$908k)
Sundry Payables	(\$9,885k)
Provisions - Annual Leave	(\$2,947k)
Provisions - Other	(\$4,811k)
Accrued Expenses	(\$5,545k)
Borrowings	(\$899k)
GST Payable	(\$253k)
	(\$25,248)
Net Current Assets	\$111,760k
Less: Borrowings	(\$292k)
Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$70,619k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$50k)
Adjusted Closing Funds - Surplus	\$70,569k