

City of Joondalup

Financial Activity Statement for the
Period Ended 31 August 2010

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,420,408)	(68,145,608)	(68,323,621)	178,013	0%
Grants and Subsidies	1	(3,119,042)	(740,744)	(89,016)	(651,728)	(88)%
Contributions Reimbursements and Donations	2	(2,417,419)	(49,507)	(181,666)	132,160	267%
Profit on Asset Disposals		(105,164)	-	-	-	-
Fees and Charges	3	(28,596,520)	(17,860,208)	(18,128,017)	267,809	1%
Investment Earnings	4	(3,798,858)	(555,710)	(710,562)	154,852	28%
Other Revenue/Income		(121,000)	(5,167)	(17,131)	11,964	232%
Total Operating Revenue		(107,578,411)	(87,356,944)	(87,450,014)	93,070	0%
OPERATING EXPENSES						
Employee Costs	5	45,149,333	7,965,366	7,393,019	572,346	7%
Materials and Contracts	6	40,915,704	6,416,727	5,325,044	1,091,682	17%
Utilities (gas, electricity, water etc.)		4,641,753	742,762	768,375	(25,612)	(3)%
Depreciation of Non-Current Assets		21,306,833	3,585,493	3,727,320	(141,827)	(4)%
Loss on Asset Disposal		62,490	-	20,159	(20,159)	(100)%
Interest Expenses		699,800	105,125	97,712	7,413	7%
Insurance Expenses		1,239,486	708,574	715,929	(7,355)	(1)%
Other Expenses		-	-	-	-	-
Total Operating Expenses		114,015,398	19,524,046	18,047,558	1,476,488	8%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,436,988	(67,832,898)	(69,402,456)	1,569,559	2%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,306,833)	(3,585,493)	(3,727,320)	141,827	4%
Loss on Asset Disposal		(62,490)	-	(20,159)	20,159	100%
Profit on Asset Disposals		105,164	-	-	-	-
OPERATING CASH (SURPLUS)/DEFICIT		(14,827,171)	(71,418,390)	(73,149,935)	1,731,544	2%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(9,840,460)	(1,969,766)	(680,567)	(1,289,199)	(65)%
Capital Contributions		-	-	-	-	-
Acquired Infrastructure Assets *		(1,725,000)	-	-	-	-
Total Non-Operating Revenue		(11,565,460)	(1,969,766)	(680,567)	(1,289,199)	(65)%
CAPITAL EXPENDITURE						
Capital Projects	8	3,979,222	1,224,271	114,821	1,109,450	91%
Capital Works	9	31,922,178	4,777,932	1,120,032	3,657,900	77%
Motor Vehicle Replacements	10	2,057,360	154,960	83,160	71,800	46%
Loan Repayment Principal		1,279,959	167,213	167,314	(102)	(0)%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		39,238,719	6,324,376	1,485,327	4,839,049	77%
CAPITAL (SURPLUS)/DEFICIT		27,673,259	4,354,610	804,760	3,549,850	82%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		12,846,088	(67,063,780)	(72,345,174)	5,281,394	8%
FUNDING						
Proceeds from Disposal		(406,000)	-	(47,872)	47,872	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	11	(27,222)	(68,275,975)	(77,001,425)	8,725,449	13%

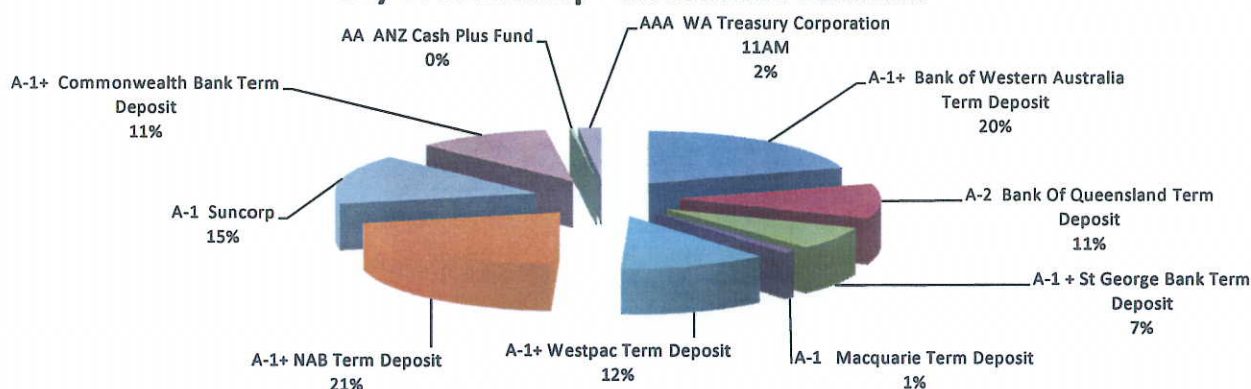


Investment Summary

CITY OF JOONDALUP -
August-10

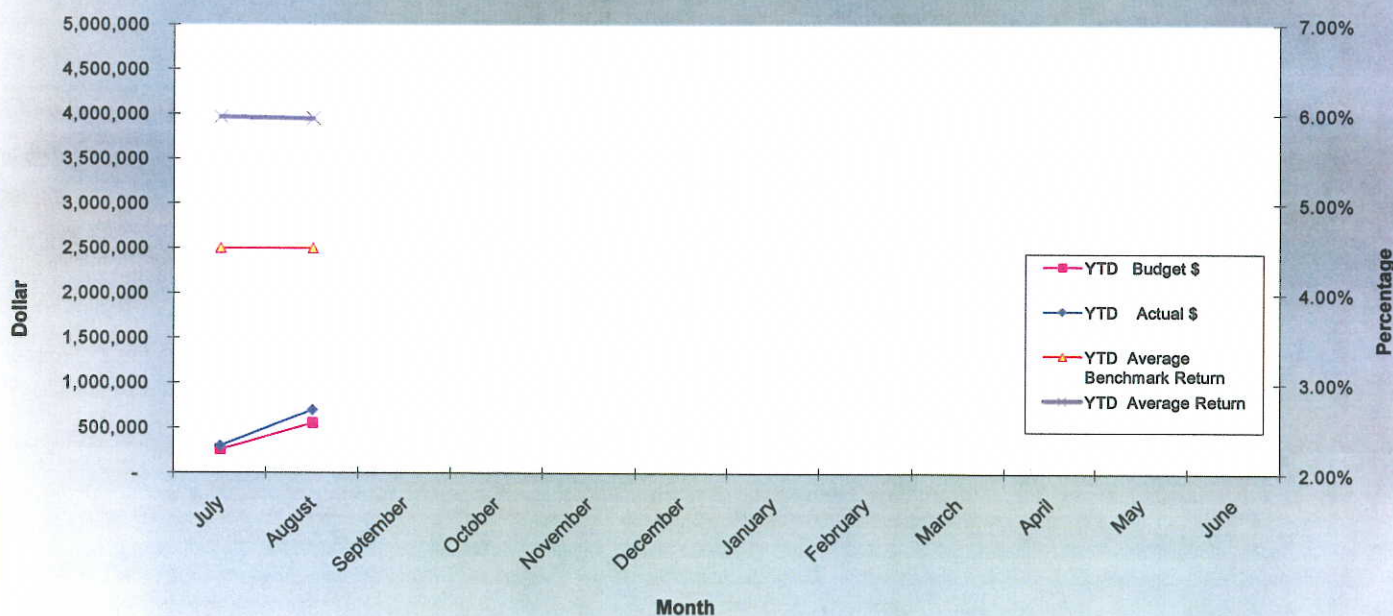
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	6.00%	5.95%	\$ 21,300,000	20.07%	20%
A-2 Bank Of Queensland Term Deposit	6.08%	6.12%	\$ 11,500,000	10.84%	10%
A-1 + St George Bank Term Deposit	5.73%	5.88%	\$ 7,500,000	7.07%	20%
A-1 Macquarie Term Deposit	6.10%	6.16%	\$ 1,000,000	0.94%	15%
A-1+ Westpac Term Deposit	5.93%	5.92%	\$ 12,500,000	11.78%	20%
A-1+ NAB Term Deposit	5.98%	5.98%	\$ 22,000,000	20.73%	20%
A-1 Suncorp	6.19%	6.23%	\$ 16,500,000	15.55%	15%
A-1+ Commonwealth Bank Term Deposit	5.63%	5.64%	\$ 11,500,000	10.84%	20%
AA ANZ Cash Plus Fund	4.67%	13.16%	\$ 291,600	0.27%	20%
AAA WA Treasury Corporation 11AM	4.45%	4.45%	\$ 2,035,000	1.92%	20%
Total Investment Portfolio	5.93%	5.95%	106,126,600	100.00%	
Municipal Funds			65,379,032		
Reserve Funds			40,747,568		
			106,126,600		

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%	5.95%

Return on Investments





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

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$595k	-	(\$595k)
b) Other State & Commonwealth Grants & Subsidies	\$146k	\$89k	(\$57k)
	<u>\$741k</u>	<u>\$89k</u>	<u>(\$652k)</u>

a) The first quarterly payment for the 2010/11 general purpose State Local Government Assistance Grant (\$595k) budgeted to be received in August is now forecast to be received in September.

b) Grants received are below budget including (\$60k) for the quarterly State Local Roads Grant which is forecast to be received in September.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Insurance Reimbursements	-	\$76k	\$76k
b) Miscellaneous Reimbursements	\$14k	\$77k	\$63k
Other Contributions, Reimbursements & Donations - not material	\$36k	\$29k	(\$7k)
	<u>\$50k</u>	<u>\$182k</u>	<u>\$132k</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 of \$52k from other councils for Long Service Leave taken by their former employees and \$9k from Main Roads WA for maintenance on Marmion Avenue Median.

3. Fees & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$15,635k	\$15,666k	\$31k
b) Building & Development Fees	\$312k	\$372k	\$60k
c) Licenses and Registrations	\$72k	\$13k	(\$59k)
d) Sports & Recreation Fees	\$988k	\$1,050k	\$62k
e) Fines & Penalties	\$219k	\$270k	\$51k
f) Other Fees & Charges	\$55k	\$149k	\$94k
Other variances - not material	\$579k	\$608k	\$29k
	<u>\$17,860k</u>	<u>\$18,128k</u>	<u>\$268k</u>



- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) The \$56k variance for Development Application Fees is due to large fees received for proposed developments at Joondalup Resort, Edith Cowan University and Sentiens Joondalup Hospital.
- c) Eating House Licenses and Registration are (\$58k) behind budget phasing and renewal fees are expected to be received in September 2010.
- d) Leisure Centres revenue is above budget as a result of high enrolment numbers for the term 3 Learn to Swim programs \$47k, Admission Fees \$13k, Hire of Facilities \$9k and \$7k for Term Programme Activities. This is partially offset by Court Sport revenue for netball (\$16k) and soccer (\$11k) being below budget. Recreation Services is \$5k above budget mainly due to back dated fees from sporting clubs and annual hire groups.
- e) Revenue received from Parking Infringements is \$41k over budget as the level of infringements issued is higher than expected. Dog Act Costs and Fines and Poundage Fees are \$9k above budget.
- f) Revenue received for Fines Enforcement Registry Charges for parking infringements is \$67k above budget due to the higher level of infringements lodged at 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 which are unpredictable and Administration Fees \$10k that relate to the proposed Structure Plan for the former Craigie Senior High School site.

4. Investment Earnings

Investment income exceeded budget by \$155k, 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	\$7,274k	\$6,648k	\$626k
b) Other Employment Costs	\$691k	\$745k	(\$54k)
	<u>\$7,965k</u>	<u>\$7,393k</u>	<u>\$572k</u>

- a) Recruitment later than expected in a number of vacant positions has resulted in a \$360k saving compared to the budget. This variance also includes approximately \$266k for budgeted salary increases from 1 July that are yet to occur.



- b) Staff Training is below budget following a rebate from the LGIS Members Bonus Scheme of \$27k for E.E.O. training and \$52k for other courses which are behind budget phasing.

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

The Employee Labour capital recovery variance is (\$84k) unfavourable as a result of budgeted project staff which have not yet been recruited and capital works are behind the budget schedule.

Agency Employee expenditure is (\$49k) over budget in Parking Services to cover vacant position and secondments of staff to other areas which is predominantly offset by savings in Salary and Wages.

6. Material and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$251k	\$148k	\$103k
b) Professional Fees & Costs	\$363k	\$327k	\$36k
c) Contributions & Donations	\$273k	\$128k	\$145k
d) Furniture, Equipment and Artworks	\$223k	\$153k	\$70k
e) External Service Expenses	\$2,893k	\$2,438k	\$455k
f) Accommodation & Property	\$67k	\$157k	(\$90k)
g) Service Charges from Other Councils	\$927k	\$697k	\$230k
Other Variances	\$1,420k	\$1,277k	\$143k
	<u>\$6,417k</u>	<u>\$5,325k</u>	<u>\$1,092k</u>

- a) Printing costs for the City are below budget. This includes \$37k for Rating Services for which an invoice for the Rates Notices will be processed in September, \$20k for the City Directory that has not been produced and \$15k for Leisure Centres promotional material that will be paid in later months.

Administration expenditure is also below budget for Corporate Membership \$14k and Stationery \$10k.

- b) Consultancy expenditure is \$100k below budget including \$20k for the Financial Management Systems 4 year review invoice that is still to be processed. This variance also includes underspends for Contractual Building Services \$18k, Currabine Community Centre \$15k, Edgewater Quarry and Percy Doyle Master Plans \$30k.

Lodgement Fees for Fines Enforcement of unpaid parking infringements are (\$41k) over budget, offset by higher revenue received (see 3 f) above). Legal expenses are (\$20k) 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. Payments



for the Ocean Ridge Football Club floodlighting project are expected to be made in September.

Marketing Sponsorship is \$16k below budget, however sponsorship is now committed.

- d) Plant and Equipment maintenance is below budget including timing differences for Parking Services ticket machines \$24k and the Leisure Centre pools \$18k. Maintenance of the Video Surveillance Systems for public areas is currently under review generating savings to budget of \$16k.

Equipment Hire for the City is \$19k below budget, including \$6k for the Community Art Exhibition that will occur at the end of the financial year. The balance is spread across a number of areas.

- e) External Contractors Services are below budget \$207k for Operations Services including tree pruning, turf renovation, street lighting and drainage mainly due to a timing difference between the work done and invoiced by suppliers. This also includes refuse removal charges where actual charges are being coded to Accommodation and Property. (See f) below)

Building Maintenance External Contractors is \$44k below budget predominantly for planned maintenance scheduled to commence later than budget phasing.

External Contractor costs are also below budget for Graffiti Removal \$54k, with invoices still to be checked and approved. Other variances include Leisure Centres where delays in arranging the cleaning contract resulted in a \$65k favourable variance and City Watch \$12k. Waste Management recycling includes \$45k incorrectly budgeted (see f) below).

- f) Expenditure is above budget (\$45k) for refuse removal charges at the Works Operations Centre that were budgeted as External Contractors, (see e) above) and (\$21k) because the invoice for the September lease was processed early. Also (\$10k) over budget occurred for the hire of the Customer Service Office at Westfield Whitfords City due to incorrect budget phasing.
- g) Waste Management charges from the City of Wanneroo are estimated for July and August pending actual invoices being received offset by \$180k reversal of over accrual of expenditure in June.

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



7. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$400k	-	(\$400k)
b) Major Projects Program	-	\$522k	\$522k
c) Major Road Construction	\$771k	-	(\$771k)
d) Road Preservation & Resurfacing Program	\$541k	\$123k	(\$418k)
e) Blackspot Program	\$234k	\$36k	(\$198k)
f) New Paths Program	\$24k	-	(\$24k)
	<u>\$1,970k</u>	<u>\$681k</u>	<u>(\$1,289k)</u>

- a) Grants for the Ocean Reef Marina have not yet been 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) This grant variance is for the Moore Drive East project for which the first progress payment will be applied for in September.
- d) The first quarterly payment of the 2010/11 State Local Roads Grant budgeted to be received in August was delayed during the Federal election and is now forecast to be received in September.
- e) Traffic Management work on Craigie Drive, Gradient Way to Barwon Road, (\$144k) is complete and the grant has been 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) which is still to be claimed.
- f) Path work on Hodges Drive, Marmion Avenue to Venturi Drive, (\$24k) is complete and the grant was received last financial year.

8. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$831k	\$46k	\$785k
b) Joondalup Performing Arts & Cultural Facility	\$42k	\$1k	\$41k
c) City Centre Commercial Office Development	\$43k	\$1k	\$42k
d) Cafes, Restaurants & Kiosks	\$40k	-	\$40k
e) Upgrade to the Wanneroo Materials Recycling Facility	\$120k	-	\$120k
f) New Financial Application System	\$40k	\$4k	\$36k
Other Projects	\$108k	\$63k	\$45k
	<u>\$1,224k</u>	<u>\$115k</u>	<u>\$1,109k</u>

- a) Further analysis is currently being undertaken on the financial feasibility of a modified Concept Plan 7.



- b) A Project Steering Committee is currently being established and Terms of Reference prepared for presentation to Council for its endorsement.
- c) This variance is due to the timing of invoices for consultancy work on the project.
- d) The Cafes, Restaurants & Kiosks variance is due to the incorrect phasing of the budget.
- e) 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.
- f) Configuration of the Works and Assets Project Tracking system is underway with implementation planned for November.

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

9. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Major Road Construction	\$827k	\$62k	\$765k
b) State Blackspot Projects	\$391k	\$157k	\$234k
c) Parks Equipment Program	\$410k	\$199k	\$211k
d) Road Preservation / Resurfacing Program	\$316k	\$61k	\$255k
e) Bridges Program	\$193k	-	\$193k
f) Major Building Capital Works	\$549k	\$246k	\$303k
g) Major Projects	\$1,445k	\$57k	\$1,388k
Other Works variances - not material	\$647k	\$338k	\$309k
	<u>\$4,778k</u>	<u>\$1,120k</u>	<u>\$3,658k</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 \$542k variance against budget.

The tender for landscaping, reticulation and planting work on Connolly Drive, between Burns Beach Road and McNaughton Crescent closes at the end of August. Work is anticipated to commence in October, resulting in a variance compared to budget of \$225k for the period.

- 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 7 e) above).

A favourable timing variance occurred on the Duffy Terrace, Whitfords Avenue to Woodvale Drive project \$29k that commenced in 2009/10 and includes footpaths and landscaping that is still continuing. The Whitfords - Endeavour Traffic Signals project is also \$49k below budget and waiting for Western Power electricity connection.



- c) Expenditure is below budget for various Tennis Court Resurfacing and Fencing projects totalling \$148k.

The remaining variance includes Revegetation of Sumps \$68k, quotations have been received and work has commenced in September.

- d) The road resurfacing program was received late and work is forecast to commence in January 2011.
- e) The Bridges program is now expected to be completed in March 2011 due to difficulty experienced in obtaining contractors quotes.
- f) Expenditure was below budget \$150k for the Replacement of the Council Chamber Chiller Compressors and \$77k for the Mullaloo Surf Life Saving Club repainting as these were completed in 2009/2010.

The balance of the favourable variance \$76k is spread across a number of other projects, and the result of timing of the actual works against budget phasing.

- g) Construction has commenced on these projects however progress payments are behind budget phasing on Seacrest Park Community Sporting Facility \$502k, Fleur Freame Pavilion \$427k, Forrest Park Clubrooms \$308k and Gibson Park Community Centre \$151k.

10. Motor Vehicle Replacements

Two Isuzu trucks \$155k were actually purchased in the previous financial year. This is partially offset by replacements being ahead of budget phasing for a Mustang Skid Steer Loader (\$77k) and a Vertical Rammer (6k).



11. Closing Funds

	Actual
Current Assets	
Cash Assets	\$106,330k
Rates and Sundry Debtors	\$38,328k
GST Receivable	\$421k
Accrued Income	\$1,350k
Advances and Prepayments	\$249k
	\$146,678k
Less: Current Liabilities	
Creditors	(\$5,696k)
Sundry Payables	(\$9,904k)
Provisions - Annual Leave	(\$2,963k)
Provisions - Other	(\$4,739k)
Accrued Expenses	(\$4,215k)
Borrowings	(\$1,023k)
GST Payable	(\$78k)
	(\$28,618k)
Net Current Assets	\$118,060k
Less: Borrowings	(\$167k)
Less: Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$77,044k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$43k)
Adjusted Closing Funds - Surplus	\$77,001k