

# City of Joondalup

Financial Activity Statement for the  
Period Ended 30 April 2010

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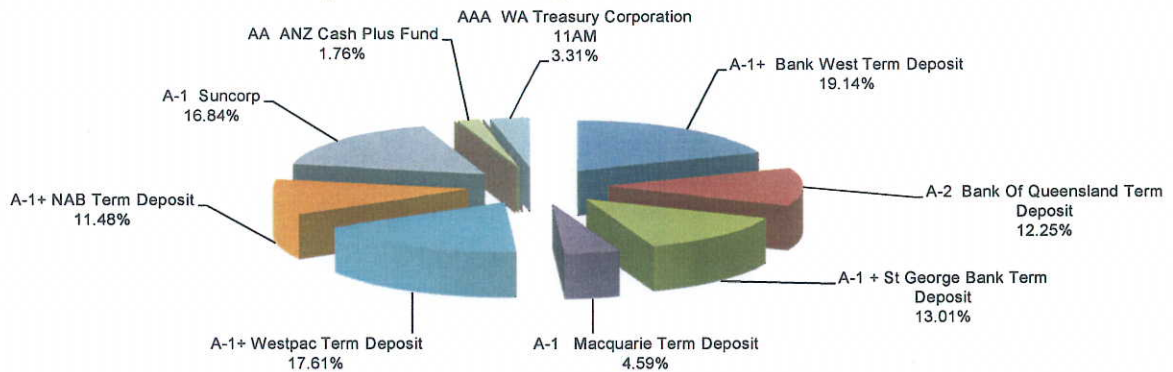


**City of Joondalup**  
**Financial Activity Statement**  
for the period ended 30 April 2010

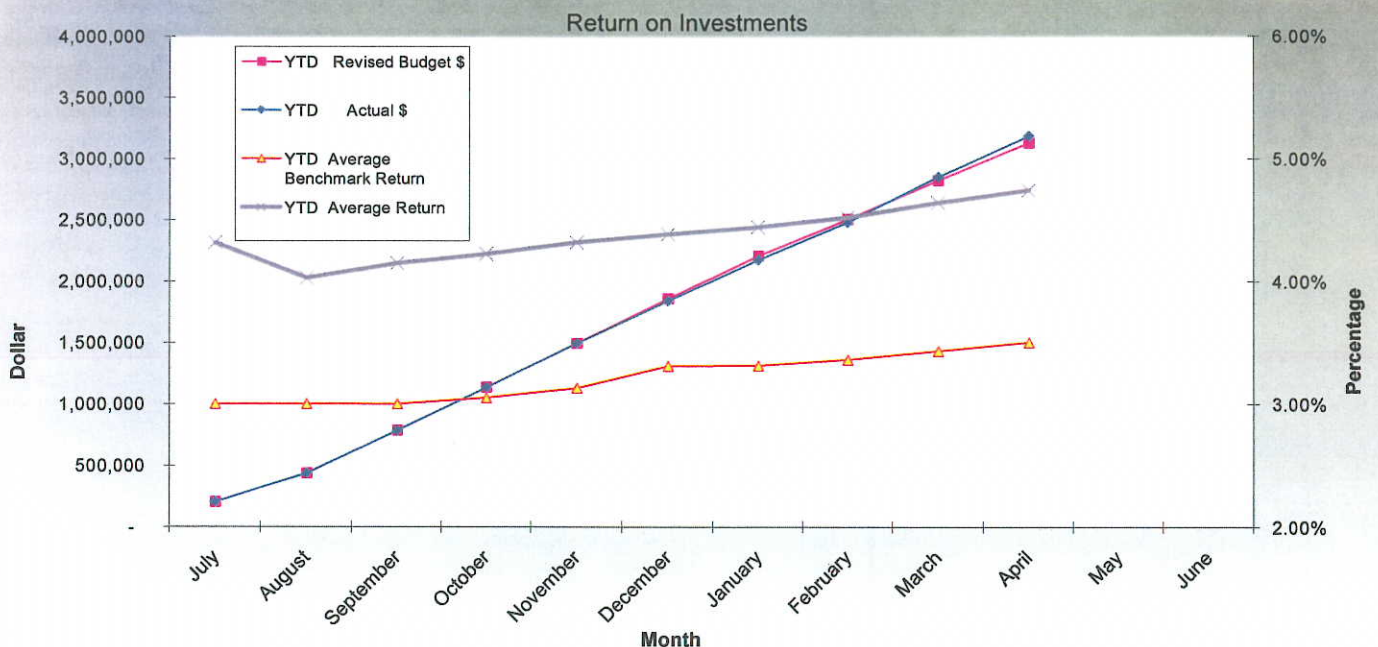
	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(64,075,031)	(64,061,260)	(64,114,457)	53,197	0%
Grants and Subsidies	1	(2,789,340)	(2,175,181)	(2,064,524)	(110,657)	(5)%
Contributions Reimbursements and Donations	2	(1,957,672)	(1,740,816)	(1,830,165)	89,349	5%
Profit on Asset Disposals		(60,306)	(60,306)	(72,775)	12,469	21%
Fees and Charges	3	(26,917,645)	(25,157,665)	(26,045,038)	887,373	4%
Investment Earnings		(3,720,632)	(3,128,108)	(3,184,956)	56,848	2%
Other Revenue/Income		(186,677)	(149,113)	(109,284)	(39,829)	(27)%
<b>Total Operating Revenue</b>		<b>(99,707,302)</b>	<b>(96,472,449)</b>	<b>(97,421,200)</b>	<b>948,751</b>	<b>1%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs		42,245,385	35,433,564	35,076,607	356,956	1%
Materials and Contracts	4	40,447,507	33,192,216	30,991,904	2,200,313	7%
Utilities (gas, electricity, water etc.)		3,969,901	3,152,467	3,094,206	58,261	2%
Depreciation of Non-Current Assets		21,010,867	17,516,613	17,539,554	(22,941)	(0)%
Loss on Asset Disposal		109,217	56,406	54,688	1,718	3%
Interest Expenses	5	439,147	307,706	183,994	123,712	40%
Insurance Expenses		1,210,033	1,211,218	1,199,302	11,916	1%
Other Expenses		-	-	1,676	(1,676)	(100)%
<b>Total Operating Expenses</b>		<b>109,432,057</b>	<b>90,870,190</b>	<b>88,141,932</b>	<b>2,728,259</b>	<b>3%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>9,724,755</b>	<b>(5,602,258)</b>	<b>(9,279,268)</b>	<b>3,677,010</b>	<b>66%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets		(21,010,867)	(17,516,613)	(17,539,554)	22,941	0%
Loss on Asset Disposal		(109,217)	(56,406)	(54,688)	(1,718)	(3)%
Profit on Asset Disposals		60,306	60,306	72,775	(12,469)	21%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(11,335,023)</b>	<b>(23,114,972)</b>	<b>(26,800,735)</b>	<b>3,685,763</b>	<b>16%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	6	(12,318,483)	(10,305,138)	(6,288,860)	(4,016,278)	(39)%
Capital Contributions		-	-	-	-	#DIV/0!
Acquired Infrastructure Assets		(4,880,000)	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(17,198,483)</b>	<b>(10,305,138)</b>	<b>(6,288,860)</b>	<b>(4,016,278)</b>	<b>(39)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	7	8,824,052	7,871,693	6,327,803	1,543,890	20%
Capital Works		26,237,471	16,138,703	15,590,414	548,289	3%
Motor Vehicle Replacements		1,016,053	642,053	602,945	39,108	6%
Loan Repayment Principal	5	886,575	691,217	503,109	188,108	27%
Equity Investments		-	-	23,206	(23,206)	(100)%
<b>Total Capital Expenditure</b>		<b>36,964,151</b>	<b>25,343,666</b>	<b>23,047,477</b>	<b>2,296,189</b>	<b>9%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>19,765,668</b>	<b>15,038,528</b>	<b>16,758,617</b>	<b>(1,720,090)</b>	<b>-11%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>8,430,645</b>	<b>(8,076,444)</b>	<b>(10,042,118)</b>	<b>1,965,674</b>	<b>24%</b>
<b>FUNDING</b>						
Proceeds from Disposal		(284,900)	(284,900)	(327,631)	42,731	15%
Loan Funds	5	(6,685,000)	(6,685,000)	-	(6,685,000)	-
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%
<b>CLOSING FUNDS</b>	8	<b>(256,197)</b>	<b>(16,600,693)</b>	<b>(11,924,098)</b>	<b>(4,676,595)</b>	<b>(28)%</b>

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank West Term Deposit	5.66%	4.92%	\$12,500,000	19.14%	20%
A-2 Bank Of Queensland Term Deposit	5.98%	5.08%	\$ 8,000,000	12.25%	10%
A-1 + St George Bank Term Deposit	5.92%	4.76%	\$ 8,500,000	13.01%	20%
A-1 Macquarie Term Deposit	6.15%	5.10%	\$ 3,000,000	4.59%	15%
A-1+ Westpac Term Deposit	5.73%	4.59%	\$11,500,000	17.61%	20%
A-1+ NAB Term Deposit	5.94%	4.59%	\$ 7,500,000	11.48%	20%
A-1 Suncorp	6.06%	5.26%	\$11,000,000	16.84%	15%
A-1+ ANZ Term Deposit	0.00%	4.44%	\$ -	0.00%	20%
AA ANZ Cash Plus Fund	6.28%	4.31%	\$ 1,152,157	1.76%	20%
AA- LGFS Out Performance	0.00%	3.76%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	4.20%	3.49%	\$ 2,160,000	3.31%	20%
<b>Total Investment Portfolio</b>	<b>5.82%</b>	<b>4.74%</b>	<b>65,312,157</b>	<b>100.00%</b>	
<b>Municipal Funds</b>			<b>25,261,121</b>		
<b>Reserve Funds</b>			<b>40,051,036</b>		
			<b>65,312,157</b>		

## 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%







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

**1. Grants and Subsidies**

Grants that are yet to be received include the Joondalup Festival (\$35k) and the Holiday Program at the Craigie Leisure Centre (\$20k) for which the claim is currently being finalised.

The third and final instalment of the Club Development Grant (\$20k) and the Financial Counselling Grant (\$32k) are anticipated to be received in June.

**2. Contributions, Reimbursements & Donations**

	YTD Revised Budget	YTD Actual	Variance
a) Insurance Reimbursements	\$115k	\$178k	\$63k
b) Legal Fees Recoverable	\$595k	\$89k	(\$506k)
c) Sale of Recyclable Materials - MRF	\$591k	\$914k	\$323k
d) Miscellaneous Reimbursements	\$78k	\$297k	\$219k
Other Contributions, Reimbursements & Donations - not material	\$362k	\$352k	(\$10k)
	<u>\$1,741k</u>	<u>\$1,830k</u>	<u>\$89k</u>

a) Insurance Reimbursements received include a Workers Compensation contribution 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.



### 3. Fees & Charges

	YTD Revised Budget	YTD Actual	Variance
a) Building & Development Fees	\$1,764k	\$1,597k	\$167k
b) Sports & Recreation Fees	\$4,769k	\$4,947k	\$178k
c) Fines & Penalties	\$1,037k	\$1,205k	\$168k
d) Parking Fees	\$1,002k	\$1,106k	\$104k
e) Other Fees & Charges	\$598k	\$793k	\$195k
Other variances - not material	\$15,988K	\$16,397k	\$75k
	<u>\$25,158k</u>	<u>\$26,045k</u>	<u>\$887k</u>

a) Building and Development Fees are above budget, in particular for Building Licenses \$123k and Development Application Fees \$50k.

b) Sports & Recreation Fees include \$41k Admission Fees, \$106k Learn to Swim Program and \$50k Term Programme Activities mainly from increases in the overall level of participation across core service areas.

c) This variance mainly relates to Parking Infringements \$187k due to the number of infringements issued being higher than anticipated.

d) Parking Fees (Off-Street) are \$90k 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.

Private Property Agreements with Joondalup Health Campus and the Department of Transport at Hillarys Boat Harbour have generated \$16k additional revenue to budget.

e) Fines Enforcement Registry Charges for parking infringements are \$71k 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 4 a) below)

Infrastructure Management Services received unbudgeted revenue of \$57k for Administration and Engineering Supervision Fees for National Building Projects previously designed and supervised by external consultants.

Other Fees & Charges include Adshell revenue of \$57k which is incorrectly allocated and will be transferred to Other Revenue in May.





#### 4. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$1,506k	\$1,398k	\$108k
b) Public Relations, Advertising & Prom	\$837k	\$663k	\$174k
c) Contributions & Donations	\$1,408k	\$1,025k	\$383k
d) Furniture, Equipment and Artworks	\$1,586k	\$1,369k	\$217k
e) External Service Expenses	\$14,679k	\$14,217k	\$462k
f) Service Charges from Other Councils	\$6,498k	\$6,383k	\$115k
g) Other Materials	\$1,605k	\$1,130K	\$475k
h) Travel, Vehicles & Plant	\$1,254k	\$1,085k	\$169k
Other Variances	\$3,819k	\$3,722k	\$97k
	<u>\$33,192k</u>	<u>\$30,992k</u>	<u>\$2,200k</u>

- a) Consultancy expenditure is \$213k below budget. This includes Percy Doyle Master Plan \$60k, Sump soil and plant analysis \$25k, Website Development \$32k, Customer Satisfaction Monitor \$38k, Financial Audit \$20k and Burns Beach Master Plan \$25k.

Legal Expenses are (\$48k) over budget mainly as a result of the ongoing weed spraying litigation that the City is dealing with.

Lodgement Fees for Fines Enforcement of prior year's unpaid parking infringements are (\$48k) over budget. The additional fee is offset by higher revenue received, (see 3 e) above).

- b) Under expenditure for General Advertising expenses \$84k is mainly due to timing differences for various events and activities across the City.

Promotion expenditure is \$60k below budget, of which \$37k relates to various Economic, Environmental & Planning Promotions including World Environment Day and Naidoc Day with funds to be expended by June. Signage across the City is \$22k below budget.

- c) Contributions to sports clubs are \$227k below budget due to construction delays. The first payment of \$85k for the Arena Community Sports and Recreation Association is expected in May. Floodlighting at Beaumaris Sports Association \$147k is now anticipated to occur in the next financial year.

Contributions for Parks and Natural Areas are \$44k below budget due to Specified Area Rates External Contractor costs being incorrectly budgeted as contributions.

Payments for Sponsorships are \$70k below budget mainly due to timing differences including \$50k towards the purchase of a new boat for Whitfords Volunteer Sea Rescue.

The Grant Disbursements for Community Safety Video Surveillance \$36k will not occur this financial year.



- d) Purchases of Computer & Communications Equipment are \$79k below budget for the City. This includes Network Services \$45k due to a combination of lower unit prices obtained and final orders still to be delivered and \$8k for cabling work being done at the Libraries.

Plant & Equipment Minor Purchases are \$75k below budget including \$36k for the purchase of Waste Bins with the balance spread across a number of areas.

Computer & Communications Equipment Maintenance & Repairs are \$17k 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 \$57k for Geothermal maintenance of the pool which will be invoiced in May. Furniture & Office Equipment purchases, maintenance and repairs \$36k including \$12k for folding tables for meeting rooms to be delivered in June.

Over expenditure occurred on Hire of Equipment for the Joondalup Festival (\$47k). This is mainly due to the timing of payments however it is forecast to be (\$18k) over budget for the year which will be offset by other savings and higher than expected income.

- e) Programme Activities are \$80k below budget including \$26k for various Community Development programs and \$30k for the Jinan Delegation taking place in May.

External Contractors includes \$291k for Operation Services for various work including irrigation pumps, tree pruning, turf maintenance and fencing.

External Contractors for Building Maintenance are (\$199k) above budget including scheduled maintenance and unplanned repairs which occur on a demand basis. This variance also includes (\$33k) for recoupable storm damage and (\$19k) which is to be reallocated to capital works..

The new City Watch contract was agreed after the budget review generating savings of \$66k. Graffiti Removal is \$68k below budget due to lower incidents than estimated and the Kinross skate facility paint out has restarted bi-weekly.

Other variances are mainly due to timing differences, including Environmental Development Cities for Climate Protection \$76k, Management Fees for the Warwick Leisure Centre \$30k and Recreation Services' Midweek Lifeguard Contract \$28k.

- f) City of Wanneroo charges for rubbish collection are currently below budget \$90k.

The appointment of the Yellagonga ICM Project Officer later than budgeted has generated a saving of \$25k.

- g) Material Purchases are below budget in Operation Services \$305k, orders placed include plants for landscaping, drainage grates and pipes and irrigation materials.

Refurbishment works for the Administration Building are \$68k below budget, quotes are currently being obtained for the planned replacement of carpet.





Materials for Litter Collection \$32k and Building Minor Works \$48k are also below budget.

- h) Travel, Vehicles & Plant running cost variance is mainly in Fuel costs \$159k which anticipated a fuel increase for the remainder of the year.

#### 5. 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 expected to be drawn down in June this financial year.

#### 6. 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	\$2,193k	(\$2,454k)
c) Traffic Management	\$1,028k	\$571k	(\$457k)
d) Road Preservation and Resurfacing Program	\$2,955k	\$2,832k	(\$123k)
Other	\$370k	\$333k	(\$37k)
	<u>\$10,305k</u>	<u>\$6,289k</u>	<u>(\$4,016k)</u>

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

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 (\$750k), which is now forecast to be completed by December 2010. Main Roads WA has agreed for the City to recoup \$500k in May and the final \$250k 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 later this year.

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) and Canham Way (\$54k).

Gradient Way (\$42k) and Ocean Reef Drive - Craigie Drive Roundabout (\$270k) are complete and grants will be claimed in May.



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) This variance includes final claims for Marmion Avenue, which are (\$135k) below budget due to changes in specifications advised by Main Roads WA.

## 7. Capital Projects

	YTD revised Budget	YTD Actual	Variance
a) Aquatic Facilities Upgrade - CLC	\$5,942k	\$4,883k	\$1,059k
b) Ocean Reef Marina Development	\$426k	\$178k	\$248k
c) New Financial Application System	\$128k	\$71k	\$57k
d) Cultural Facility	\$164k	\$19k	\$145k
e) Corporate PC & Printer Replacement Program	\$103k	\$51k	\$52k
Other Projects	\$1,109k	\$1,126k	(\$17k)
	<u>\$7,872k</u>	<u>\$6,328k</u>	<u>\$1,544k</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 City is currently assessing all options to successfully progress the project. Future expenditure will depend on the outcome of this assessment.
- 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 fund 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. Future expenditure is dependent on this endorsement.
- e) Orders have been placed for the Corporate PC & Printer Replacement Program with expected delivery in May and June.





## 8. Closing Funds

	<b>Actual</b>
<b>Current Assets</b>	
Cash Assets	\$65,214k
Rates and Sundry Debtors	\$1,453k
GST Receivable	\$521k
Accrued Income	\$925k
Advances and Prepayments	\$493k
	<b>\$68,606k</b>
<b>Less: Current Liabilities</b>	
Creditors	(\$1,043k)
Provisions - Annual Leave	(\$2,875k)
Provisions - Other	(\$4,439k)
Accrued Expenses	(\$5,488k)
Borrowings	(\$469k)
Income in Advance	(\$1,345k)
GST Payable	(\$104k)
Other- Clearing	(\$83k)
	<b>(\$15,846k)</b>
<b>Net Current Assets</b>	<b>\$52,760k</b>
<b>Less: Restricted Assets</b>	<b>(\$40,258k)</b>
<b>Closing Funds - Surplus</b>	<b>\$12,502k</b>
<b>Non Current adjustments to closing funds</b>	
Less: Provision for LSL Non-current	(\$521k)
Less: Equity Investment MRF	(\$63k)
Plus: Other Adjustments	\$6k
<b>Adjusted Closing Funds - Surplus</b>	<b>\$11,924k</b>