

City of Joondalup

Financial Activity Statement for the
Period Ended 28 February 2011

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City of Joondalup
Financial Activity Statement
for the period ended 28 February 2011

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,652,632)	(69,640,732)	(69,729,622)	88,890	0%
Grants and Subsidies		(3,173,691)	(2,283,755)	(2,184,654)	(99,100)	(4)%
Contributions Reimbursements and Donations	1	(2,372,455)	(1,563,614)	(1,744,070)	180,456	12%
Profit on Asset Disposals		(96,967)	(24,733)	(19,734)	(4,998)	(20)%
Fees and Charges		(29,596,529)	(25,219,915)	(25,437,967)	218,051	1%
Investment Earnings	2	(4,189,768)	(3,208,861)	(3,733,976)	525,116	16%
Other Revenue/Income		(174,896)	(102,585)	(143,605)	41,020	40%
Total Operating Revenue		(109,256,937)	(102,044,194)	(102,993,629)	949,435	1%
OPERATING EXPENSES						
Employee Costs	3	45,011,091	29,928,541	28,084,902	1,843,639	6%
Materials and Contracts	4	41,888,308	26,007,401	23,741,377	2,266,024	9%
Utilities (gas, electricity, water etc.)		4,560,824	3,015,351	3,077,162	(61,811)	(2)%
Depreciation of Non-Current Assets		23,037,302	15,162,498	15,069,736	92,763	1%
Loss on Asset Disposal		135,614	37,476	65,628	(28,152)	(75)%
Interest Expenses	5	692,758	439,494	383,148	56,346	13%
Insurance Expenses	6	1,250,850	1,250,034	1,349,419	(99,385)	(8)%
Total Operating Expenses		116,576,747	75,840,795	71,771,371	4,069,424	5%
(SURPLUS)/DEFICIT FROM OPERATIONS		7,319,810	(26,203,399)	(31,222,258)	5,018,858	19%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(23,037,302)	(15,162,498)	(15,069,736)	(92,763)	(1)%
Loss on Asset Disposal		(135,614)	(37,476)	(65,628)	28,152	75%
Profit on Asset Disposals		96,967	24,733	19,734	4,998	(20)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,756,140)	(41,378,641)	(46,337,887)	4,959,245	12%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(9,263,996)	(5,049,574)	(4,294,313)	(755,261)	(15)%
Capital Contributions		(25,000)	-	-	-	-
Acquired Infrastructure Assets		(1,300,000)	-	-	-	-
Total Non-Operating Revenue		(10,588,996)	(5,049,574)	(4,294,313)	(755,261)	(15)%
CAPITAL EXPENDITURE						
Capital Projects	8	3,552,236	1,189,232	907,874	281,358	24%
Capital Works	9	28,828,183	17,664,621	13,837,502	3,827,119	22%
Motor Vehicle Replacements		1,907,441	539,891	513,949	25,942	5%
Loan Repayment Principal		1,279,959	802,768	758,577	44,191	6%
Equity Investments		-	-	16,401	(16,401)	-
Total Capital Expenditure		35,567,819	20,196,512	16,034,303	4,162,209	21%
CAPITAL (SURPLUS)/DEFICIT		24,978,824	15,146,938	11,739,990	3,406,948	22%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		9,222,684	(26,231,704)	(34,597,897)	8,366,193	32%
FUNDING						
Proceeds from Disposal		(410,887)	(205,443)	(207,934)	2,491	1%
Loan Funds		(2,924,000)	(2,924,000)	-	(2,924,000)	(100)%
Transfer from Reserve		(13,232,843)	-	-	-	-
Transfer to Reserve		10,652,502	-	-	-	-
Transfer to Accumulated Surplus		1,300,000	-	-	-	-
Opening Funds		(4,608,378)	(4,608,378)	(4,608,378)	-	0%
CLOSING FUNDS	10	(922)	(33,969,525)	(39,414,209)	5,444,685	16%

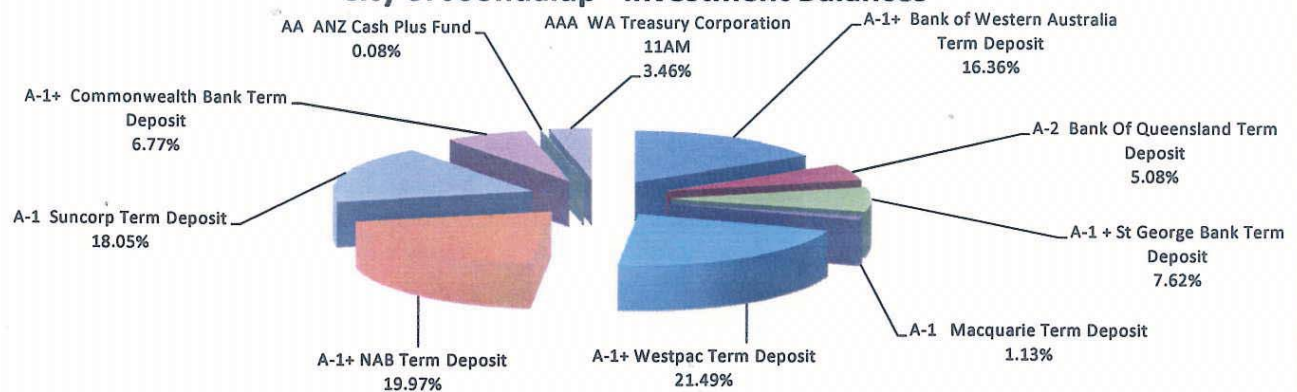


Investment Summary

CITY OF JOONDALUP
February-11

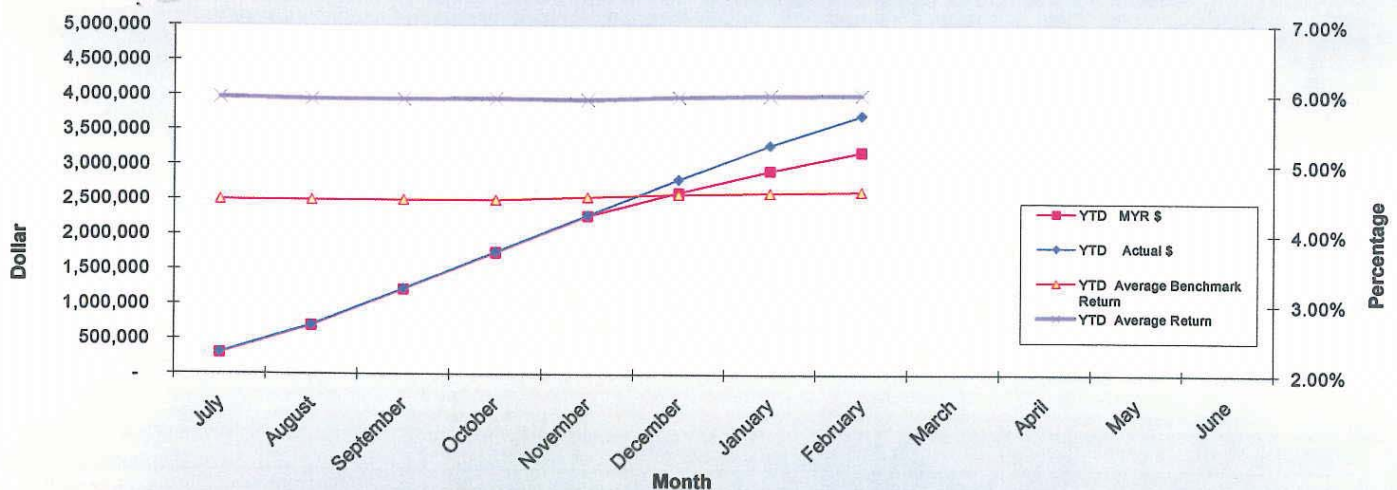
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	6.01%	6.07%	\$ 14,500,000	16.36%	20%
A-2 Bank Of Queensland Term Deposit	6.26%	6.17%	\$ 4,500,000	5.08%	10%
A-1 + St George Bank Term Deposit	5.96%	5.83%	\$ 6,750,000	7.62%	20%
A-1 Macquarie Term Deposit	6.16%	6.10%	\$ 1,000,000	1.13%	15%
A-1+ Westpac Term Deposit	6.14%	6.05%	\$ 19,050,000	21.49%	20%
A-1+ NAB Term Deposit	6.09%	6.02%	\$ 17,700,000	19.97%	20%
A-1 Suncorp Term Deposit	6.20%	6.20%	\$ 16,000,000	18.05%	15%
A-1+ Commonwealth Bank Term Deposit	5.89%	5.72%	\$ 6,000,000	6.77%	20%
AA ANZ Cash Plus Fund	8.04%	5.29%	\$ 66,838	0.08%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.58%	\$ 3,063,000	3.46%	20%
Total Investment Portfolio	6.04%	6.00%	88,629,838	100.00%	
Municipal Funds			48,232,715		
Reserve Funds			40,397,123		
			88,629,838		

City of Joondalup - Investment Balances



Month	MTD MYR \$	MTD Actual \$	YTD MYR \$	YTD Actual \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	294,834	298,637	294,834	298,637	298,637	4.50%	5.96%
August	398,756	400,613	693,590	699,249	699,249	4.50%	5.94%
September	522,779	521,996	1,216,369	1,221,245	1,221,245	4.50%	5.94%
October	528,144	528,372	1,744,514	1,749,617	1,749,617	4.50%	5.95%
November	526,946	527,724	2,271,459	2,277,342	2,277,342	4.54%	5.93%
December	333,292	512,841	2,604,752	2,790,183	2,790,183	4.58%	5.97%
January	314,296	491,453	2,919,047	3,281,636	3,281,636	4.60%	5.99%
February	269,491	427,356	3,188,538	3,708,992	3,708,992	4.62%	6.00%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 28 FEBRUARY 2011

1. Contributions, Reimbursements & Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$670k	\$868k	\$198k
b) Legal Fees Recoverable	\$305k	\$285k	(\$20k)
Other Contributions, Reimbursements & Donations	\$589k	\$591k	\$2k
	<u>\$1,564k</u>	<u>\$1,744k</u>	<u>\$180k</u>

a) The Sale of Recyclable Materials exceeded budget by \$198k mainly due to higher prices than anticipated in the budget, this is partially offset by higher collection costs (see 4 g) below).

b) Year to date Legal Fees Recoverable for Rates collections are (\$20k) below budget which is offset by lower expenditure incurred (see 4 b) below).

2. Investment Earnings

Investment income exceeded budget by \$525k, as the volume of funds invested is higher than budget mainly owing to lower expenditure to date.

3. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$27,669k	\$26,182k	\$1,487k
b) Other Employment Costs	\$2,260k	\$1,903k	\$357k
	<u>\$29,929k</u>	<u>\$28,085k</u>	<u>\$1,844k</u>

a) This variance is due to a combination of vacancies during the period and budgeted salary increases from 1 July 2010 that are yet to occur.

b) Favourable Other Employment Cost variances include Staff Training \$91k, Conferences and Seminars \$21k, Staff Recruitment \$22k, Uniforms and Protective Clothing \$33k, Study Assistance and Professional Development \$33k and Provision for Employee Entitlements \$136k.



4. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$704k	\$624k	\$80k
b) Professional Fees & Costs	\$1,174k	\$1,057k	\$117k
c) Public Relations, Advertising & Promotions	\$632k	\$477k	\$155k
d) Computing	\$846k	\$793k	\$53k
e) Furniture, Equipment and Artworks	\$1,084k	\$740k	\$344k
f) Other Materials	\$1,060k	\$977k	\$83k
g) External Service Expenses	\$11,494k	\$10,847k	\$647k
h) Service Charges from Other Councils	\$5,202k	\$4,598k	\$604k
Other Variances - not material	\$3,811k	\$3,628k	\$183k
	<u>\$26,007k</u>	<u>\$23,741k</u>	<u>\$2,266k</u>

- a) Printing costs for the City are \$67k below budget. This includes \$28k for Cultural Services mainly due to the timing of events, \$14k for civic functions and ceremonies and \$9k for Waste Management.

The variance also includes Photography and Video Production which is \$15k below budget and the remaining balance is spread across a number of areas.

- b) Consultancy expenditure is \$59k below budget over a range of projects mainly attributable to delays in the commencement of works including Jack Kikeros Hall \$30k.

Fines Enforcement Registry requested changes to the format of the file for unpaid parking infringements which delayed lodgement resulting in a favourable variances to budget for Lodgement Fees \$24k and Licence Searches \$7k. Other favourable variances include recoverable Legal Expenses for rates collection \$20k which is offset by lower revenue (see 1 b) above) and Legal Expenses \$7k.

- c) General Advertising is \$76k below budget including \$47k for several Cultural Services events for which advertising is received in kind and is offset by sponsorship income that will not be received. The balance is spread across a number of areas.

Catering costs are \$35k below budget including \$17k for Council Support and \$5k for Leisure Centre events. Other areas underspent are Signage and Decals \$15k and Promotions \$26k.

- d) Computer Software Maintenance is \$17k below budget mainly due to invoices yet to be processed. The Library Management System upgrade has been delayed until May 2011 generating a favourable variance to budget of \$13k for Software Licences.

Internet Provider costs are \$9k below budget with the balance of the favourable variance spread across a number of areas.

- e) Computer equipment purchases are \$35k below budget predominantly due to timing differences including \$13k for Rangers for a radio system for beach patrols.



Plant and Equipment maintenance is below budget for Parking Services \$26k in relation to Ticket Machines and Leisure Centres \$75k including \$60k for geothermal maintenance which was budgeted for January but will actually occur in April.

Waste Management is \$86k behind budget for Equipment Purchases and includes replacement Refuse Bins which are ordered in bulk. A favourable variance of \$68k occurred for the Hire of Equipment predominantly due to the timing of events including the Valentines Concert.

Other smaller variances are spread across the organisation and are mainly due to timing differences.

- f) Other materials under budget are partly caused by cost of materials included in charges from External Contractors who invoice the City in total for work done.
- g) Operation Services external service expenses are \$345k below budget. This includes \$75k for Christmas street lighting to be paid in March, \$153k for Turf renovation and maintenance and \$79k for Irrigation bores and pumps for which work is scheduled over the coming months.

Maintenance of the City's Buildings and Facilities is running (\$58k) ahead of budget due to unplanned essential maintenance work.

Tenders are currently being assessed for the collection of data relating to the City's road network audit, including inventory updates, condition rating and roughness testing generating a favourable timing variance of \$92k to budget. To date recycling collection costs are (\$68k) over budget which is offset by higher revenue (see 1 a) above).

Information Technology external services is \$28k below budget as projects are progressing later than planned in the budget.

Graffiti Removal is \$45k lower than budget with savings attributable to the reduced number of incidents and the Juvenile Justice Referral Program delivering part of the service. Expenditure to undertake bushfire clearance is \$35k underspent and a favourable phasing variance occurred for City Watch \$14k.

A favourable variance of \$72k occurred for Leisure and Culture related to external cleaning contractors and the midweek Lifeguard contract where payments are yet to be processed.

Unfavourable variances occurred for cultural program activities (\$41k) due to the phasing of performer fees for Valentines and Summer Concerts, and (\$18k) production costs for the Sunset Markets.

The balance of the variance is spread across a number of areas.

- h) Waste Management charges from the City of Wanneroo are \$604k under budget. This is partly due to the reversal of an over accrual of expenditure in June 2010 of \$180k for the MRF recycling costs and bulk collections and weekend green waste being approximately \$227k under accrued. The balance is due to timing of collections compared to phasing used in the budget.



Other variances are a result of timing differences and are expected to be spent by the end of the financial year.

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

5. Interest Expenses

Savings in interest arises from the timing of the loan for the three Regional Local Community Infrastructure Projects at Seacrest Community Sports Facility, Forrest Park Clubrooms and Fleur Freame Pavilion which is to be drawn down in March 2011.

6. Insurance Expenses

This unfavourable variance is mainly due to an adjustment for workers compensation (\$93k) incorrectly charged to the wrong account, which will be corrected in March 2011.

7. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Major Projects Program	\$913k	\$1,305k	\$392k
b) Major Road Construction	\$1,972k	\$912k	(\$1,060k)
c) Blackspot Program	\$140k	\$21k	(\$119k)
Other	\$2,024k	\$2,056k	\$32k
	<u>\$5,049k</u>	<u>\$4,294k</u>	<u>(\$755k)</u>

a) The City received progress payments for the Regional Local Community Infrastructure Projects at Seacrest Park, Macdonald Reserve and Forrest Park earlier than budget phasing.

b) The grant for Burns Beach Road East (\$1,060k) is to be claimed upon completion of the work.

c) This unfavourable variance is mainly due to the timing of actual claims against budget phasing.

8. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$296k	\$219k	\$77k
b) Joondalup City Centre Commercial Office Development	\$136k	\$50k	\$86k
c) Gym Equipment Upgrade - Stage 3	\$93k	\$34k	\$59k
Other Projects – not material	\$664k	\$605k	\$59k
	<u>\$1,189k</u>	<u>\$908k</u>	<u>\$281k</u>



- a) External consultants are still to provide the scope of works for the revised plan to progress the project in accordance with Council decisions.
- b) The City has received notification from the Department of Treasury and Finance that the expressions of interest have been placed on hold pending further decisions in relation to the Government's office accommodation requirements.
- c) Gym equipment has been upgraded and final payment will be made in March.

9. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	\$4,086k	\$3,857k	\$229k
b) Traffic Management Program	\$1,477k	\$1,118k	\$359k
c) Parks Equipment Program	\$881k	\$638k	\$243k
d) Road Preservation / Resurfacing Program	\$2,794k	\$2,272k	\$522k
e) Bridges Program	\$352k	\$3k	\$349k
f) Foreshore and Natural Areas Management	\$408k	\$172k	\$236k
g) Stormwater Drainage	\$462k	\$245k	\$217k
h) Parks Development	\$964k	\$752k	\$212k
i) Paths Program	\$438k	\$75k	\$363k
j) Major Building Capital Works	\$1,497k	\$1,119k	\$378k
k) Major Projects	\$3,890k	\$3,355k	\$535k
Other Works variances - not material	\$415k	\$231k	\$184k
	<u>\$17,664k</u>	<u>\$13,837k</u>	<u>\$3,827k</u>

- a) Work on Connolly Drive - Burns Beach Road to MacNaughton Crescent is ahead of schedule with year to date expenditure (\$97k) over budget.

Favourable timing differences to budget have occurred on Moore Drive / Connolly Drive dual carriageway \$274k and Burns Beach Road (East) project \$52k.

- b) A favourable variance of \$200k occurred on the Traffic Management program predominantly due to timing differences including Lillburne Road - Warwick Road to Hepburn Avenue \$162k which has a forecast completion date of June 2011.

State Blackspot project expenditure is behind the budget schedule including Marmion Avenue / Seacrest Drive \$45k which is expected to be completed in April 2011, plus Edgewater Drive \$41k and Duffy Terrace \$62k. Variances on a range of other projects in the program amount to \$11k.

- c) The Floodlight and Pole Replacement program has a favourable variance of \$65k and has been identified as a carry forward due to difficulties with the design. Several projects for football and soccer goals \$48k are expected to be completed in time for winter season. The Improved Access to various Parks project has a favourable variance to budget of \$29k with completion expected by April 2011. The balance of the favourable variance is spread across a number of projects.



- d) The road resurfacing program is progressing with commitments of \$639k at the end of the period. Constellation Drive - Hodges Dr to Shenton Ave shows a favourable timing variance of \$139k and is expected to be completed at the end of March 2011.
- e) The Bridges program was delayed owing to difficulty experienced in availability of contractors and is now forecast to be completed in March 2011.
- f) This variance is mainly due to a favourable timing variance \$152k related to the North Marmion Beach redevelopment following changes in the scope of work. Civil work is complete however the revegetation of the dunes cannot be completed until the winter months.
- g) Year to date favourable timing variances to budget have occurred on the Stormwater Drainage Upgrades Program \$113k and Mirror Park \$50k which are expected to be completed in April and May respectively. Geneff Park has a saving upon completion of approximately \$24K.
- h) This variance is mainly due to Ellersdale Park, Marri Park and Manopuree Park which are experiencing delays and completion of these projects is expected at the end of June 2011.
- i) The New Paths Program has a favourable variance to budget of \$274k mainly related to Burns Beach \$113k and Hepburn Ave \$67k with expected completion later this financial year.

The Paths Replacement Program is \$88k under budget and all work is forecast to be completed in March 2011.

- j) Regional Local Community Infrastructure Projects for solar panels at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre are \$45k below budget for the period. However it is anticipated these funds will be spent and the panels installed by mid-year 2011.

The balance of the favourable variance is spread across a number of other projects and is mainly a result of the timing of the actual works compared to budget phasing. This includes Warrandyte Park mini makeover \$131k which is complete but the invoice is yet to be processed and Asbestos Management \$59k which will be done during the school holidays.

- k) Progress payments for the Regional Local Community Infrastructure Projects at Seacrest Park Community Sporting Facility, Forrest Park Clubrooms, Fleur Freame Pavilion and Gibson Park Community Centre are behind budget phasing by \$535k. All projects are forecast to be complete by the end of April 2011.



10. Closing Funds

	Actual
Current Assets	
Cash Assets	\$89,009k
Rates and Sundry Debtors	\$7,972k
GST Receivable	\$549k
Accrued Income	\$1,586k
Advances and Prepayments	\$259k
	\$99,375k
Less: Current Liabilities	
Creditors	(\$4,839k)
Sundry Payables	(\$1,594k)
Provisions - Annual Leave	(\$2,820k)
Provisions - Other	(\$4,788k)
Accrued Expenses	(\$3,510k)
Borrowings	(\$431k)
GST Payable	(\$96k)
	(\$18,078k)
Net Current Assets	\$81,297k
Less: Borrowings	(\$759k)
Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$39,689k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$146k)
Less : Recovery of MRF contribution	(\$129k)
Adjusted Closing Funds - Surplus	\$39,414k