



City of Joondalup

Financial Activity Statement for the Period Ended 30 April 2011

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City of Joondalup
Financial Activity Statement
for the period ended 30 April 2011

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,652,632)	(69,645,632)	(69,894,079)	248,447	0%
Grants and Subsidies		(3,173,691)	(2,420,993)	(2,343,409)	(77,583)	(3)%
Contributions Reimbursements and Donations	1	(2,372,455)	(1,974,900)	(2,541,187)	566,287	29%
Profit on Asset Disposals		(96,967)	(24,733)	(53,556)	28,824	117%
Fees and Charges		(29,596,529)	(27,444,962)	(27,693,939)	248,977	1%
Investment Earnings	2	(4,189,768)	(3,744,103)	(4,631,990)	887,887	24%
Other Revenue/Income	3	(174,896)	(138,740)	(247,578)	108,838	78%
Total Operating Revenue		(109,256,937)	(105,394,062)	(107,405,738)	2,011,676	2%
OPERATING EXPENSES						
Employee Costs	4	45,011,091	37,519,962	35,762,136	1,757,826	5%
Materials and Contracts	5	41,888,308	33,976,406	30,555,000	3,421,406	10%
Utilities (gas, electricity, water etc.)		4,560,824	3,775,631	3,884,818	(109,187)	(3)%
Depreciation of Non-Current Assets		23,037,302	19,101,459	18,948,120	153,339	1%
Loss on Asset Disposal		135,614	69,693	65,628	4,065	6%
Interest Expenses	6	692,758	568,191	502,044	66,147	12%
Insurance Expenses		1,250,850	1,250,053	1,268,975	(18,922)	(2)%
Total Operating Expenses		116,576,747	96,261,395	90,986,720	5,274,675	5%
(SURPLUS)/DEFICIT FROM OPERATIONS		7,319,810	(9,132,667)	(16,419,018)	7,286,351	80%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(23,037,302)	(19,101,459)	(18,948,120)	(153,339)	(1)%
Loss on Asset Disposal		(135,614)	(69,693)	(65,628)	(4,065)	(6)%
Profit on Asset Disposals		96,967	24,733	53,556	(28,824)	117%
OPERATING CASH (SURPLUS)/DEFICIT		(15,756,140)	(28,279,087)	(35,379,209)	7,100,123	25%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(9,263,996)	(6,499,084)	(5,960,734)	(538,350)	(8)%
Capital Contributions		(25,000)	-	-	-	-
Acquired Infrastructure Assets		(1,300,000)	-	-	-	-
Total Non-Operating Revenue		(10,588,996)	(6,499,084)	(5,960,734)	(538,350)	(8)%
CAPITAL EXPENDITURE						
Capital Projects	8	3,552,236	2,383,088	1,080,246	1,302,842	55%
Capital Works	9	28,828,183	24,034,864	18,677,501	5,357,363	22%
Motor Vehicle Replacements	10	1,907,441	968,441	661,779	306,662	32%
Loan Repayment Principal		1,279,959	948,675	908,292	40,383	4%
Equity Investments		-	-	16,401	(16,401)	-
Total Capital Expenditure		35,567,819	28,335,068	21,344,219	6,990,849	25%
CAPITAL (SURPLUS)/DEFICIT		24,978,824	21,835,984	15,383,485	6,452,499	30%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		9,222,684	(6,443,103)	(19,995,725)	13,552,622	210%
FUNDING						
Proceeds from Disposal		(410,887)	(308,164)	(241,756)	(66,408)	(22)%
Loan Funds		(2,924,000)	(2,924,000)	(2,924,000)	-	0%
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	11	(922)	(14,283,645)	(27,769,859)	13,486,214	94%

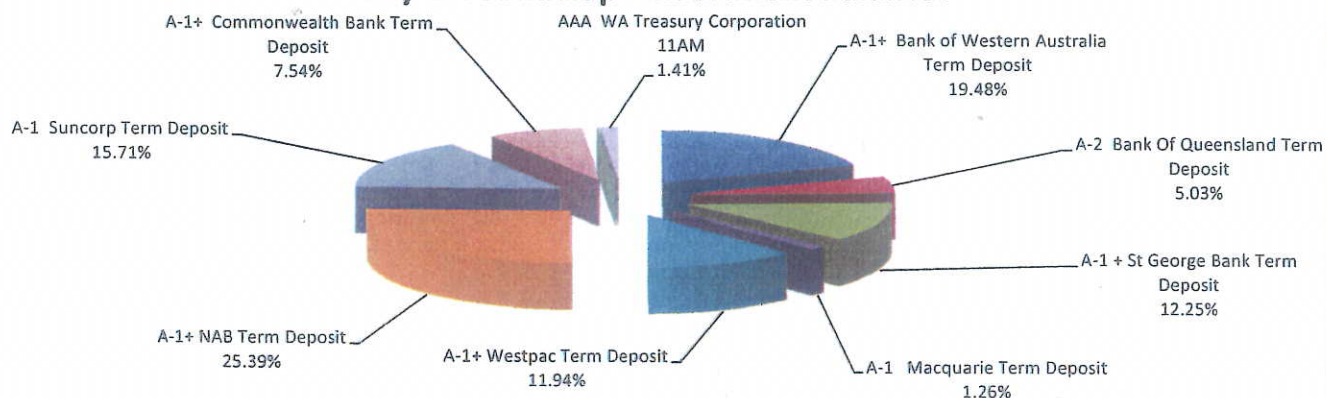


Investment Summary

CITY OF JOONDALUP
April-11

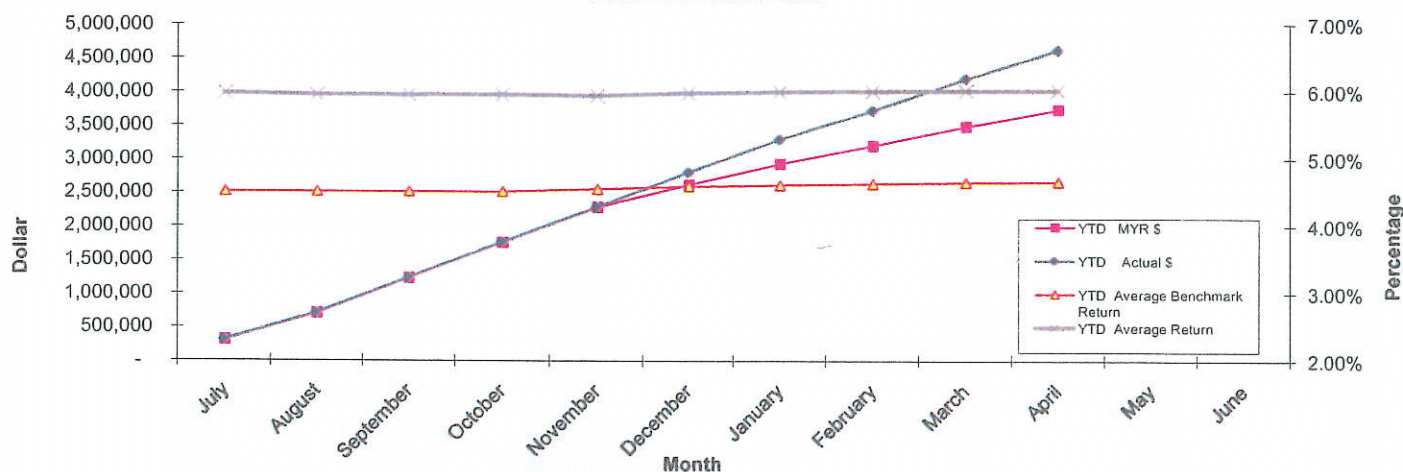
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.99%	6.06%	\$ 15,500,000	19.48%	20%
A-2 Bank Of Queensland Term Deposit	6.31%	6.18%	\$ 4,000,000	5.03%	10%
A-1 + St George Bank Term Deposit	6.03%	5.88%	\$ 9,750,000	12.25%	20%
A-1 Macquarie Term Deposit	6.15%	6.09%	\$ 1,000,000	1.26%	15%
A-1+ Westpac Term Deposit	6.08%	6.06%	\$ 9,500,000	11.94%	20%
A-1+ NAB Term Deposit	6.15%	6.04%	\$ 20,200,000	25.39%	20%
A-1 Suncorp Term Deposit	6.22%	6.20%	\$ 12,500,000	15.71%	15%
A-1+ Commonwealth Bank Term Deposit	5.97%	5.77%	\$ 6,000,000	7.54%	20%
AA ANZ Cash Plus Fund	-2.42%	5.26%	\$ -0	0.00%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.60%	\$ 1,123,000	1.41%	20%
Total Investment Portfolio	6.07%	6.01%	79,573,000	100.00%	
Municipal Funds			39,590,220		
Reserve Funds			39,982,780		
			79,573,000		

City of Joondalup - Investment Balances



Month	MTD MYR \$	MTD Actual \$	YTD MYR \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	294,834	298,637	294,834	298,637	4.50%	5.96%
August	398,756	400,613	693,590	699,249	4.50%	5.94%
September	522,779	521,996	1,216,369	1,221,245	4.50%	5.94%
October	528,144	528,319	1,744,514	1,749,564	4.50%	5.95%
November	526,946	527,724	2,271,459	2,277,288	4.54%	5.93%
December	333,292	512,841	2,604,752	2,790,129	4.58%	5.97%
January	314,296	491,453	2,919,047	3,281,582	4.60%	5.99%
February	269,491	427,356	3,188,538	3,708,939	4.62%	6.00%
March	285,230	474,521	3,473,768	4,183,294	4.64%	6.00%
April	250,012	423,627	3,723,780	4,606,921	4.65%	6.01%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 APRIL 2011

1. Contributions, Reimbursements & Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$981k	\$1,533k	\$552k
b) Utility Charge	\$113k	\$86k	(\$27k)
c) Other Contributions, Reimbursements & Donations	\$881k	\$922k	\$41k
	<u>\$1,975k</u>	<u>\$2,541k</u>	<u>\$566k</u>

- a) The Sale of Recyclable Materials exceeded budget by \$552k mainly due to strong prices compared to those anticipated in the budget.
- b) This unfavourable variance includes Asset Management (\$17k) partly due to the timing of charges pending the commencement of invoicing additional occupants and Leisure Centre cafe facilities (\$10k).
- c) Other Miscellaneous Reimbursements are \$62k above budget which includes \$13k for Library staff secondment to the West Coast Institute and \$14k for Long Service Leave reimbursed by other councils.

The balance of the favourable variance includes Insurance Reimbursements on various claims \$23k offset by lower Legal Fees Recoverable (\$19k) and lower Sponsorship income (\$18k).

2. Investment Earnings

Investment income exceeded budget by \$888k, as the volume of funds invested is higher than budget mainly owing to lower expenditure to date.

3. Other Revenue

	YTD Revised Budget	YTD Actual	Variance
a) Rebates Received	-	\$74k	\$74k
b) Adshell - Advertising Revenue Share	\$60k	\$97k	\$37k
Other	\$79k	\$77k	\$2k
	<u>\$139k</u>	<u>\$248k</u>	<u>\$109k</u>

- a) An unbudgeted Members Experience Bonus dividend of \$74k was received from the Local Government Insurance Scheme.
- b) Adshell Advertising Revenue is over budget due to the 2009/10 final quarter revenue being received in the 2010/11 financial year.

4. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$34,939k	\$33,354k	\$1,585k
b) Other Employment Costs	\$2,581k	\$2,408k	\$173k
	<u>\$37,520k</u>	<u>\$35,762k</u>	<u>\$1,758k</u>

- a) This variance is due to a combination of vacancies during the period and budgeted salary increases from 1 July 2010 for the inside workforce that are yet to occur.
- b) Favourable Other Employment Cost variances include Staff Training \$137k, Conferences and Seminars \$42k and Uniforms and Protective Clothing \$52k partially offset by Provision for Employee Leave Entitlements (\$57k).

5. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$908k	\$752k	\$156k
b) Accommodation & Property	\$728k	\$662k	\$66k
c) Professional Fees & Costs	\$1,564k	\$1,210k	\$354k
d) Public Relations, Advertising & Promotions	\$864k	\$672k	\$192k
e) Computing	\$1,000k	\$879k	\$121k
f) Furniture, Equipment and Artworks	\$1,618k	\$1,126k	\$492k
g) Travel, Vehicles & Plant	\$1,186k	\$1,119k	\$67k
h) External Service Expenses	\$15,145k	\$13,615k	\$1,530k
i) Service Charges from Other Councils	\$6,805k	\$6,755k	\$50k
j) Other Materials	\$1,366k	\$1,229k	\$137k
Other Variances - not material	\$2,792k	\$2,536k	\$256k
	<u>\$33,976k</u>	<u>\$30,555k</u>	<u>\$3,421k</u>

- a) Printing costs for the City are \$113k below budget. This includes \$24k for civic functions and ceremonies, \$25k for Community Development & Libraries, \$15k Economic & Environmental Development and \$12k for Waste Management. Lower expenditure also occurred on Stationery \$14k.

Other savings include Photography and Video Production which is \$24k below budget and is dependant on timing of events, with the balance spread across a number of areas.

- b) This favourable variance includes lease payments to Landcorp in relation to Lot 701, 380 Joondalup Drive \$40k, Refuse Removal charges \$15k and Security costs \$5k.
- c) Consultancy expenditure is \$266k below budget and is dependant on progress of projects including Currambine Community Centre \$55k, Jack Kikeros Hall \$30k,

Percy Doyle Reserve Master Plan and Grandstand \$35k and Activity Centres Strategy and Centre Plans \$50k.

Fines Enforcement Registry Lodgement Fees and Licence Searches are \$41k below budget due to the timing of invoices and the delayed introduction of a new enforcement agreement with Lakeside Joondalup Shopping City. Other favourable variances include Legal Expenses \$29k and recoverable Legal Expenses for rates collection \$18k.

- d) Promotion expenditure is \$86k under budget mainly due to timing of activities and events including Festival Radio, Investment Attraction Package, Community Forums, Environmental Education Program and Leisure Centre promotional materials to be expended this financial year.

Other favourable variances occurred for Catering \$44k, Signage and Decals \$38k and General and Public / Statutory Advertising \$18k.

- e) Computer Software Licenses are \$71k below budget, \$47k for Technology One and Centaman and \$13k for the Library Management System upgrades that have been delayed until May 2011.

Timing variances resulted in maintenance of Software & Equipment expenses being \$21k below budget plus other sundry minor variances across a number of areas.

- f) Computer equipment purchases are \$222k below budget mainly attributable to \$175k for the PC replacement program order which will be placed before the end of the financial year.

Plant and Equipment maintenance is below budget for Leisure Centres \$88k including \$40k for geothermal maintenance and \$56k for the maintenance of pay and display parking terminals.

Favourable variances occurred on Plant and Equipment purchases of \$25k for gym TV's and group fitness equipment at the Leisure Centres and a further \$35k in minor purchases of Furniture and Office Equipment over a number of areas.

Other favourable variances include Hire of Equipment \$26k, minor purchases of Furniture & Office Equipment \$20k and other smaller variances mainly due to timing differences.

- g) This favourable variance is due to savings for vehicle and plant parts \$91k that is partially offset by Fuel costs which are (\$35k) over budget due to recent price increases.
- h) Operation Services external service expenses are \$575k below budget. This is mainly attributable to the winter pump and irrigation maintenance program, that has just commenced. In addition other works includes tree pruning and removals, turf renovations and fertilising and repairs to beach shelters that are scheduled over the coming months.

A favourable timing variance to budget of \$205k occurred as a result of the tender for the road network condition audit and inventory updates collection being awarded

later than budgeted. The collection of the non-road reserve pathway network information and other tenders are still in progress.

Information Technology external services is \$82k below budget as projects are progressing later than planned, including upgrades to Technology One and Centaman.

Graffiti Removal is \$81k lower than budget ahead of price increases due in April plus a reduced number of incidents and the Juvenile Justice Referral Program delivering part of the service. Expenditure to undertake bushfire clearance is \$20k underspent and a favourable phasing variance occurred for City Watch \$17k.

Leisure Centres are \$50k below budget primarily due to cleaning contractor invoices for April still to be processed. Contractors for Cultural events are \$61k below budget mainly attributable to a late invoice for the Joondalup Festival offset by an unfavourable phasing variance (\$32k) for the midweek Lifeguard contract. Work on the Administration Building is \$59k below budget, preliminary details for proposed works is being gathered.

Tipping Fees (Domestic and Bulk) are \$325k below budget due to lower tonnes collected to date compared to budget.

- i) The Materials Recovery Facility operating costs are (\$389k) higher than forecast predominantly as a result of significant disposal costs associated with taking glass to Tamala Park. The alternative glass recycling plant is now accepting glass and will result in lower costs in the next few months. Estimated collection costs for domestic, bulk and weekend green waste are \$439k below budget with outstanding invoices still to be received.
- j) External Material purchases for Building Maintenance Works is \$134k below budget partly caused by the cost of materials being included in charges from External Contractors who invoice the City in total for work done. The balance of the variance is spread across a number of areas.

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

6. 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 was drawn down in March 2011.

7. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) RLCIP Major Building Works	\$212k	\$106k	(\$106k)
b) Major Road Construction	\$1,972k	\$2,156k	\$184k
c) Blackspot Program	\$406k	\$59k	(\$347k)
d) Road Preservation / Resurfacing Program	\$2,505k	\$2,315k	(\$190k)
Other	\$1,404k	\$1,325k	(\$79k))
	<u>\$6,499k</u>	<u>\$5,961k</u>	<u>(\$538k)</u>

- a) The final grant claim of \$106k for the Regional Local Community Infrastructure Projects for photovoltaic systems at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre will be received in May 2011.
- b) The final grant for Burns Beach Road East \$593k is to be claimed in May 2011 however this is (\$467k) below the amount budgeted. Grants for Moore Drive / Connolly Drive \$994k and Connolly Drive, Burns Beach Road to McNaughton Crescent \$250k have been claimed earlier than budgeted.
- c) This unfavourable variance is mainly due to the timing of actual claims against budget phasing, with the balances for Whitfords-Endeavour (\$48k), Edgewater Drive, Ocean Reef to Wedgewood Drive, (\$71k) and Duffy terrace (\$156k) to be claimed in June 2011.
- d) Roads to Recovery grants are under budget due to projects not due to be completed until the end of June 2011.

8. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$785k	\$245k	\$540k
b) Joondalup Performing Arts & Cultural facility	\$86k	\$21k	\$65k
c) Library Management System	\$221k	\$115k	\$106k
d) Upgrade Materials Recovery Facility	\$81k	-	\$81k
e) Joondalup City Centre Commercial Office Development	\$194k	\$50k	\$144k
f) Infringement Issuing System	\$150k	-	\$150k
g) Cafes/Restaurants/Kiosks	\$96k	\$19k	\$77k
Other Projects – not material	\$770k	\$630k	\$140k
	<u>\$2,383k</u>	<u>\$1,080k</u>	<u>\$1,303k</u>

- a) The City is currently awaiting feedback from the State Government following the recent briefing meeting. External consultants have commenced the required tasks for the next phase of the project.
- b) This projects' future expenditure and its timing will be determined by the outcome of the impending Joondalup Performing Arts and Cultural Facility Steering Committee meeting
- c) Testing of the Library Management System upgrade is complete and is scheduled to go live early May 2011.
- d) The upgrade at the Materials Recovery Facility is currently out for Tender. The work is now forecast to be complete in the next financial year.
- e) 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.
- f) Preparations for the introduction of the Infringement Issuing System are now finalised. System installation and staff training will occur and the system is expected to be fully operational by the end of May 2011.
- g) It is anticipated that future progress on this project will be determined following consideration of the draft preliminary site assessment report.

9. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	\$5,514k	\$5,170k	\$344k
b) Traffic Management Program	\$2,354k	\$1,467k	\$887k
c) Parks Equipment Program	\$1,701k	\$742k	\$959k
d) Road Preservation / Resurfacing Program	\$3,514k	\$3,313k	\$201k
e) Bridges Program	\$352k	\$66k	\$286k
f) Foreshore and Natural Areas Management	\$527k	\$205k	\$323k
g) Stormwater Drainage	\$649k	\$316k	\$333k
h) Streetscape Enhancement	\$756k	\$230k	\$525k
i) Paths Program	\$694k	\$182k	\$512k
j) Major Building Capital Works	\$1,856k	\$1,308k	\$548k
k) Major Projects	\$5,003k	\$4,723k	\$280k
Other Works variances - not material	\$1,115k	\$956k	\$159k
	<u>\$24,035k</u>	<u>\$18,678k</u>	<u>\$5,357k</u>

It should be noted that at the end of April 2011 there was \$3.7 million of purchase order commitments not included in actual capital works expenditure. This includes Major Road Construction \$439k, Road Preservation and Resurfacing \$609k, RLCIP Major Projects \$525k and Major Buildings Works Projects \$547k.

- a) Favourable variances to budget have occurred on Moore Drive / Connolly Drive dual carriageway \$334k due to late submission of contractor invoices and Burns Beach Road (East) \$52k which is complete. Expenditure on Connolly Drive, Burns Beach Road to McNaughton Road, is (\$42k) over budget.
- b) A favourable variance of \$723k occurred on the Traffic Management program including Lillburne Road (Warwick Road to Hepburn Avenue) \$132k, Kingsley Drive \$207k and Glengarry Drive (Hepburn Avenue to Doveridge Drive) \$100k which all have forecast completion dates of June 2011.

Timing variances occurred for State Blackspot projects including Marmion Avenue / Seacrest Drive \$63k which was completed in April 2011. Edgewater Drive (Ocean Reef Road to Wedgwood Drive) \$41k and Duffy Terrace (Whitfords Avenue to Woodvale Drive) \$63k have been completed below budget.

- c) The Floodlight and Pole Replacement program has a favourable variance of \$341k and has been identified as a carry forward due to difficulties with the design. Several projects for tennis court resurfacing \$160k are expected to be complete by the end of May 2011. The balance of the variance is predominantly due to the timing of a number of projects including Hillarys Park \$60k, James McCusker Park \$70k, Caledonia Park cricket wickets \$40k, Bracken Park \$30k and Charonia Park \$30k .
- d) The road resurfacing program is progressing with some completed projects awaiting invoices, all projects are on track to be completed by the end of June.
- e) Work on the Bridges program is complete with commitments totalling \$36k yet to be invoiced. The balance of unspent grant funds will be carried forward to fund future projects in the program.
- f) This variance is mainly due to timing of the North Marmion Beach redevelopment \$188k following changes in the scope of work. Civil work is complete however the revegetation of the dunes cannot be completed until the winter months. Timing variances have occurred for Coastal Biodiversity Signage \$48k, Marmion / Sorrento Foreshore \$53k and Water Tower Park \$30k.
- g) Mirror Park drainage upgrade \$100k is listed as a carry forward to next financial year and delays in the consultation phase for work at Blackboy Park has created a timing difference of \$94k. Geneff Park has a saving upon completion of approximately \$24k. The balance is timing variances to budget on projects to be completed by the end of the financial year.
- h) The Streetscape Enhancement program is experiencing delays primarily due to the recent hot weather and planting is not anticipated until the next financial year. As such variances have occurred on a number of projects to be carried forward including Entry Statements \$225k, Burns Beach Road \$87k and East West arterial road intersections \$50k. Timing variances on projects that are progressing include Delonix Circle and Trappers Drive fencing \$55k which is awaiting quotes and City Centre Planter Boxes \$35k which is in the investigation phase.
- i) The New Paths Program is below budget \$525k. This includes Burns Beach \$231k, delays have been experienced during the design phase, following which consultation with residents will take place before work can commence. Other projects below

budget include Hepburn Ave \$77k which is expected to be complete in May and Marmion Avenue, Ocean Reef Road to Hodges Drive, \$69k which has been withdrawn.

The Paths Replacement Program is \$13k over budget, all work is complete.

- j) Regional Local Community Infrastructure Projects for solar panels at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre are \$123k below budget for the period. Tenders are being evaluated and the panels are expected to be installed during August 2011.

The balance of the variance is due to the timing of the expenditure for a number of projects including Asbestos Management \$153k, Whitfords Senior Citizens Centre air conditioner unit \$58k and Ellersdale Park Clubrooms \$60k. The majority of the projects are complete with the remainder expected to be complete by the end of June 2011.

- k) The Regional Local Community Infrastructure Projects are substantially completed and are \$280k below budget. These include Seacrest Park Community Sporting Facility, Forrest Park Clubrooms, Fleur Freame Pavilion and Gibson Park Community Centre and only ancillary works are still being finalised.

10. Motor Vehicle Replacements

The purchase of an additional Community Bus \$160k is not proceeding. The balance of the variance is predominantly due to timing variations compared to budget with a number of items on order. Order commitments are \$752k at the end of the period.

11. Closing Funds

	Actual
Current Assets	
Cash Assets	\$79,652k
Rates and Sundry Debtors	\$3,060k
GST Receivable	\$575k
Accrued Income	\$1,183k
Advances and Prepayments	\$267k
	\$84,737k
Less: Current Liabilities	
Creditors	(\$196k)
Sundry Payables	(\$1,629k)
Provisions - Annual Leave	(\$2,920k)
Provisions - Other	(\$4,773k)
Accrued Expenses	(\$4,727k)
Borrowings	(\$500k)
GST Payable	(\$338k)
	(\$15,083k)
Net Current Assets	\$69,654k
Less: Borrowings	(\$690k)
Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$28,115k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$147k)
Less : Recovery of MRF contribution	(\$198k)
Adjusted Closing Funds - Surplus	\$27,770k