

APPENDIX 9

ATTACHMENT 1



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 May 2011

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City of Joondalup
Financial Activity Statement
for the period ended 31 May 2011

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,652,632)	(69,649,232)	(69,952,764)	303,531	0%
Grants and Subsidies		(3,173,691)	(3,086,517)	(3,040,220)	(46,297)	(1)%
Contributions Reimbursements and Donations	1	(2,372,455)	(2,015,039)	(2,780,989)	765,950	38%
Profit on Asset Disposals		(96,967)	(31,130)	(54,011)	22,881	74%
Fees and Charges		(29,596,529)	(28,490,675)	(28,960,500)	469,825	2%
Investment Earnings	2	(4,189,768)	(3,976,425)	(5,038,005)	1,061,579	27%
Other Revenue/Income	3	(174,896)	(142,002)	(248,552)	106,550	75%
Total Operating Revenue		(109,256,937)	(107,391,020)	(110,075,040)	2,684,020	2%
OPERATING EXPENSES						
Employee Costs	4	45,011,091	41,253,720	39,466,101	1,787,619	4%
Materials and Contracts	5	41,888,308	37,636,923	34,906,198	2,730,726	7%
Utilities (gas, electricity, water etc.)		4,560,824	4,177,838	4,296,114	(118,276)	(3)%
Depreciation of Non-Current Assets		23,037,302	21,080,869	20,899,329	181,540	1%
Loss on Asset Disposal		135,614	92,728	67,610	25,118	27%
Interest Expenses	6	692,758	631,330	561,777	69,553	11%
Insurance Expenses		1,250,850	1,249,899	1,290,023	(40,123)	(3)%
Total Operating Expenses		116,576,747	106,123,308	101,487,150	4,636,157	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		7,319,810	(1,267,712)	(8,587,889)	7,320,177	577%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(23,037,302)	(21,080,869)	(20,899,329)	(181,540)	(1)%
Loss on Asset Disposal		(135,614)	(92,728)	(67,610)	(25,118)	(27)%
Profit on Asset Disposals		96,967	31,130	54,011	(22,881)	74%
OPERATING CASH (SURPLUS)/DEFICIT		(15,756,140)	(22,410,180)	(29,500,817)	7,090,637	32%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(9,263,996)	(6,987,559)	(6,535,151)	(452,408)	(6)%
Capital Contributions		(25,000)	-	(30,260)	30,260	100%
Acquired Infrastructure Assets		(1,300,000)	-	-	-	-
Total Non-Operating Revenue		(10,588,996)	(6,987,559)	(6,565,411)	(422,148)	(6)%
CAPITAL EXPENDITURE						
Capital Projects	8	3,552,236	2,916,766	1,228,984	1,687,783	58%
Capital Works	9	28,828,183	25,970,518	20,715,050	5,255,468	20%
Motor Vehicle Replacements	10	1,907,441	1,217,441	1,073,563	143,878	12%
Loan Repayment Principal	6	1,279,959	1,154,054	1,060,399	93,655	8%
Equity Investments		-	-	16,401	(16,401)	-
Total Capital Expenditure		35,567,819	31,258,779	24,094,397	7,164,382	23%
CAPITAL (SURPLUS)/DEFICIT		24,978,824	24,271,220	17,528,986	6,742,234	28%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		9,222,684	1,861,040	(11,971,831)	13,832,871	(743)%
FUNDING						
Proceeds from Disposal		(410,887)	(308,164)	(250,945)	(57,219)	(19)%
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)	(5,979,502)	(19,755,154)	13,775,652	230%

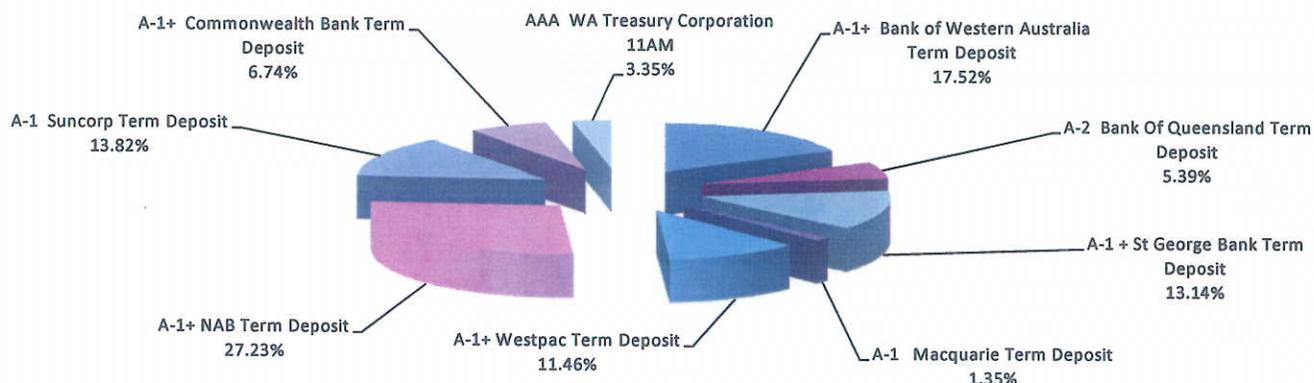


Investment Summary

CITY OF JOONDALUP
May-11

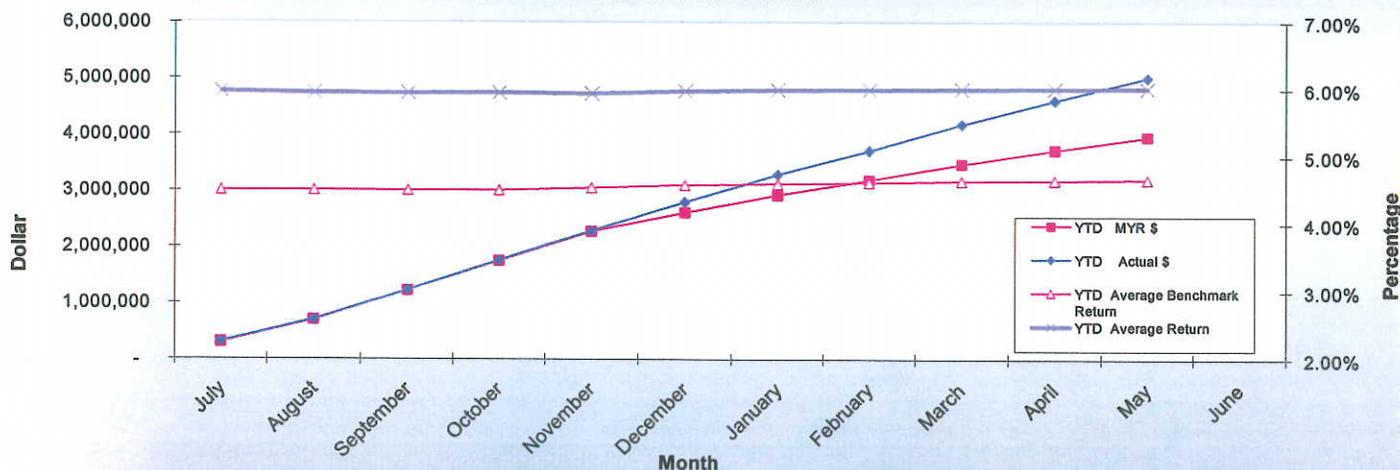
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.97%	6.05%	\$ 13,000,000	17.52%	20%
A-2 Bank Of Queensland Term Deposit	6.31%	6.19%	\$ 4,000,000	5.39%	10%
A-1 + St George Bank Term Deposit	6.04%	5.90%	\$ 9,750,000	13.14%	20%
A-1 Macquarie Term Deposit	6.15%	6.10%	\$ 1,000,000	1.35%	15%
A-1+ Westpac Term Deposit	6.04%	6.06%	\$ 8,500,000	11.46%	20%
A-1+ NAB Term Deposit	6.10%	6.05%	\$ 20,200,000	27.23%	20%
A-1 Suncorp Term Deposit	6.24%	6.20%	\$ 10,250,000	13.82%	15%
A-1+ Commonwealth Bank Term Deposit	5.96%	5.79%	\$ 5,000,000	6.74%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.61%	\$ 2,483,000	3.35%	20%
Total Investment Portfolio	6.05%	6.01%	74,183,000	100.00%	
Municipal Funds			34,691,308		
Reserve Funds			39,491,692		
			74,183,000		

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	423,629	3,723,780	4,606,924	4.65%	6.01%
May	232,323	405,994	3,956,103	5,012,917	4.66%	6.01%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 MAY 2011

1. Contributions, Reimbursements & Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$981k	\$1,700k	\$719k
b) Other Contributions, Reimbursements & Donations	\$1,034k	\$1,081k	\$47k
	<u>\$2,015k</u>	<u>\$2,781k</u>	<u>\$766k</u>

a) The Sale of Recyclable Materials exceeded budget by \$719k mainly due to strong prices compared to those anticipated in the budget.

b) Other Miscellaneous Reimbursements are \$89k above budget which includes \$13k for Library staff secondment to the West Coast Institute, \$16k for Long Service Leave reimbursed by other councils and \$11k for the clearing of vegetation at the front of the Warwick Leisure Centre. The balance is spread across a number of areas.

The balance of the favourable variance includes Insurance Reimbursements on various claims \$23k offset by lower Legal Fees Recoverable (\$18k), Sponsorship income (\$26k), Utility Charges (\$14k) and Contributions (\$7k).

2. Investment Earnings

Investment income exceeded budget by \$1,062k, 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	\$82k	\$78k	(\$4k)
	<u>\$142k</u>	<u>\$249k</u>	<u>\$107k</u>

a) An unbudgeted Members Experience Bonus dividend of \$74k was received from the Local Government Insurance Scheme.

b) Adshell Advertising Revenue to date is over budget partly due to a prior year adjustment being received in this financial year.



4. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$38,530k	\$36,765k	\$1,765k
b) Other Employment Costs	\$2,724k	\$2,701k	\$23k
	<u>\$41,254k</u>	<u>\$39,466k</u>	<u>\$1,788k</u>

- a) This variance is due to a combination of factors, including mainly vacancies during the period and the budgeted salary increases from 1 July 2010 for the inside workforce that is yet to occur.
- b) Favourable Other Employment Cost variances include Staff Training \$141k, Conferences and Seminars \$44k and Uniforms and Protective Clothing \$30k partially offset by Provision for Employee Leave Entitlements (\$200k) and other minor differences.

5. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$1,011k	\$864k	\$147k
b) Professional Fees & Costs	\$1,830k	\$1,396k	\$434k
c) Public Relations, Advertising & Promotions	\$956k	\$750k	\$206k
d) Computing	\$1,063k	\$926k	\$137k
e) Furniture, Equipment and Artworks	\$1,833k	\$1,424k	\$409k
f) Travel, Vehicles & Plant	\$1,307k	\$1,224k	\$83k
g) External Service Expenses	\$16,689k	\$15,708k	\$981k
h) Service Charges from Other Councils	\$7,606k	\$7,691k	(\$85k)
i) Other Materials	\$1,508k	\$1,383k	\$125k
j) Charges and Recoveries	(\$314k)	(\$390k)	\$76k
Other Variances - not material	\$4,148k	\$3,930k	\$218k
	<u>\$37,637k</u>	<u>\$34,906k</u>	<u>\$2,731k</u>

- a) Printing costs for the City are \$144k below budget mainly due to timing differences. This includes \$29k for civic functions and ceremonies, \$20k for Urban Design Services, \$19k Economic & Environmental Development and \$16k for Community Development & Libraries plus other smaller variances.

Other savings include Photography and Video Production which is \$27k below budget and is dependant on timing of events offset by Corporate Membership costs which are (\$27k) over budget. The balance is spread across a number of areas.

- b) Consultancy expenditure is \$340k below budget and is dependant on progress of projects including Currambine Community Centre \$85k, Jack Kikeros Hall \$30k, Customer Satisfaction Survey \$35k and Activity Centres Strategy and Centre Plans \$59k.



Other favourable variances include Fines Enforcement Registry Lodgement Fees and Licence Searches \$27k, Legal Expenses \$41k and recoverable Legal Expenses for rates collection \$16k.

- c) Promotion expenditure is \$97k under budget mainly due to timing of activities and events including Festival Radio, The West Lift Out, Investment Attraction Package and Leisure Centre promotional materials to be expended this financial year.

Other favourable variances occurred for Catering \$50k, Signage and Decals \$31k and General and Public / Statutory Advertising \$22k.

- d) Computer Software Licenses are \$57k below budget, made up of \$34k for Centaman and \$13k for the Library Management System upgrade that will be processed in June 2011.

Timing variances resulted in Software & Equipment maintenance expenses being \$44k below budget and the balance \$36k is spread across a number of areas.

- e) Computer equipment purchases are \$213k below budget mainly attributable to the PC replacement program order \$157k which is still to be delivered.

Plant and Equipment maintenance is below budget for Leisure Centres \$44k, including approximately \$20k savings on geothermal and plant room maintenance. In addition the maintenance of pay and display parking terminals is \$57k below budget.

A favourable variance occurred on Plant and Equipment purchases \$94k. This includes \$103k for Waste Management replacement bins and parts ordered with forecast savings of \$50k for the year. This is offset by unbudgeted expenditure of (\$16k) for asbestos removal at Charonia Park and (\$8k) for new goal posts at Seacrest Park.

Other favourable variances for minor purchases and maintenance of Furniture & Office Equipment totalled \$30k. Hire of Equipment was (\$35k) over budget partly due to timing differences and higher than anticipated costs for the Joondalup Festival.

- f) Savings for vehicle and plant parts amount to \$102k and is partially offset by Fuel costs which are (\$30k) over budget due to recent price increases.
- g) Operation Services external service expenses are \$295k below budget. This is mainly attributable to the delayed winter pump and irrigation maintenance program which commenced last month. In addition other works includes tree pruning and removals, turf renovations and fertilising and repairs to beach shelters are under budget.

A favourable timing variance to budget of \$205k occurred for the road network condition audit and inventory updates recently awarded. The collection of the non-road reserve pathway network information is also in progress.

Information Technology external services is \$108k below budget primarily due to projects that are progressing later than planned, including upgrades to Technology One and Centaman.



Graffiti Removal is \$88k lower than budget due to a combination of timing differences plus a reduced number of incidents and the Juvenile Justice Referral Program delivering part of the service. There was also a favourable variance for City Watch \$24k.

Leisure Centres are \$53k below budget primarily due to cleaning contractor invoices for May still to be processed. Work on the Administration Building is progressing behind budget phasing giving a favourable variance to budget of \$52k.

Maintenance of the City's Buildings and Facilities is running (\$134k) over budget as a result of the cost of materials being included in charges from external contractors which are budgeted as Material purchases (see i) below).

Tipping Fees (Domestic and Bulk) are \$238k below budget due to lower tonnes collected to date compared to budget.

- h) The Materials Recovery Facility operating costs are (\$372k) 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 \$287k below budget with outstanding invoices still to be received.
- i) External Material purchases for Building Maintenance Work is \$166k below budget offset by External Contractors who invoice the City in total for work done (see g) above). Waste Management materials are (\$24k) over budget and the balance of the variance is spread across a number of areas.
- j) Capital Recoveries are higher than anticipated for Fleet & Plant \$44k and Overheads \$32k.

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

6. Interest Expenses & Loan Repayment Principal

Savings in loan interest and principal repayments arise 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) Ocean Reef Marina Development	\$100k	-	(\$100k)
b) Major Road Construction	\$2,222k	\$2,255k	\$33k
c) Blackspot Program	\$524k	\$59k	(\$465k)
d) Road Preservation / Resurfacing Program	\$2,505k	\$2,696k	\$191k
Other	\$1,637k	\$1,525k	(\$112k)
	<u>\$6,988k</u>	<u>\$6,535k</u>	<u>(\$453k)</u>

- a) The application for this grant will be discussed at a meeting between the Department of Transport and City officers in June 2011.
- b) The final grant for Burns Beach Road East (\$1,060k) is to be claimed in June 2011 and the grant for Moore Drive / Connolly Drive \$1,093k has been claimed earlier than budgeted.
- c) Grants for three projects totalling (\$157k) will not be received this financial year. The balance of the unfavourable variance is mainly due to the timing of actual claims against budget phasing including Whitfords-Endeavour (\$48k), Edgewater Drive, Ocean Reef to Wedgewood Drive, (\$71k) and Duffy terrace (\$156k) that are to be claimed in June 2011.
- d) This favourable variance is predominantly due to the timing of the quarterly State Local Roads Grant and the Roads to Recovery scheme grant compared to budget.

8. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$1,128k	\$283k	\$845k
b) Joondalup Performing Arts & Cultural facility	\$118k	\$25k	\$93k
c) Library Management System	\$221k	\$181k	\$40k
d) Upgrade Materials Recovery Facility	\$163k	-	\$163k
e) Joondalup City Centre Commercial Office Development	\$224k	\$50k	\$174k
f) Infringement Issuing System	\$150k	-	\$150k
g) Cafes/Restaurants/Kiosks	\$123k	\$24k	\$99k
Other Projects – not material	\$790k	\$666k	\$124k
	<u>\$2,917k</u>	<u>\$1,229k</u>	<u>\$1,688k</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 the subject of a report to the Joondalup Performing Arts and Cultural Facility Steering Committee.
- c) The Library Management System upgrade was completed successfully. Invoices are yet to be received for equipment that has been delivered.
- d) The upgrade at the Materials Recovery Facility is forecast to be completed 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) The installation of the Electronic Infringement Issuing System and full staff training was completed early May 2011 and the system went 'live' on Monday 16 May 2011. Invoices for \$100k are to be processed in June.
- 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	\$5,175k	\$339k
b) Traffic Management Program	\$2,502k	\$1,631k	\$871k
c) Parks Equipment Program	\$2,040k	\$983k	\$1,057k
d) Road Preservation / Resurfacing Program	\$3,825k	\$3,622k	\$203k
e) Bridges Program	\$352k	\$88k	\$264k
f) Foreshore and Natural Areas Management	\$528k	\$303k	\$225k
g) Stormwater Drainage	\$649k	\$379k	\$270k
h) Streetscape Enhancement	\$1,142k	\$263k	\$879k
i) Paths Program	\$718k	\$353k	\$365k
j) Major Building Capital Works	\$1,913k	\$1,666k	\$247k
k) Major Projects	\$5,559k	\$5,192k	\$367k
Other Works variances - not material	\$1,229k	\$1,060k	\$169k
	<u>\$25,971k</u>	<u>\$20,715k</u>	<u>\$5,256k</u>

It should be noted that at the end of May 2011 there was \$2.6 million of purchase order commitments not included in actual capital works expenditure. This includes Major Road Construction \$408k, Road Preservation and Resurfacing \$428k, RLCIP Major Projects \$380k and Parks Equipment Program \$360k.

- 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 (\$48k) over budget.



- b) A favourable variance of \$739k occurred on the Local Traffic Management program. Variances on works that will be completed next financial year are Kingsley Drive \$207k, Edgewater Drive \$70k and the Bus Shelter program \$26k. The remaining projects are forecast to be completed by June including Lillburne Road (Warwick Road to Hepburn Avenue) \$84k, and Glengarry Drive (Hepburn Avenue to Doveridge Drive) \$98k.

Timing variances occurred for State Blackspot projects including Marmion Avenue / Seacrest Drive \$26k 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 \$471k and has been identified as a carry forward due to difficulties with the design. In addition several other projects totalling \$145k are budgeted to be carried forward.

Variances occurred on several projects for tennis court resurfacing \$84k, these projects are complete and are awaiting invoices for payment. The balance of the variance is predominantly due to the timing of a number of projects including Hillarys Park \$80k, James McCusker Park \$33k, Bracken Park \$50k and Charonia Park \$60k.

- 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 and the balance of unspent grant funds will be carried forward to fund future projects in the program.
- f) This variance is mainly due to the timing of the North Marmion Beach redevelopment \$94k with the revegetation of the dunes to be completed during 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 \$47k. Geneff Park has a saving upon completion of \$23k. The balance is timing variances to budget on projects to be completed by the end of the financial year.
- h) The Streetscape Enhancement program has experienced delays 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 \$375k, Burns Beach Road \$92k and East West arterial road intersections \$100k. Timing variances on projects that are progressing include Delonix Circle and Trappers Drive fencing \$55k which is awaiting quotes and City Centre Planter Boxes \$70k which will be completed next financial year.
- i) The New Paths Program is below budget \$379k. This includes Burns Beach \$230k where delays were experienced during the design phase and the project will be completed in the next financial year. Other projects below budget include Hepburn Ave \$30k which is complete 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 \$154k below budget for the period. The contract has been awarded 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 Whitfords Senior Citizens Centre air conditioner unit \$58k. 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 \$366k 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.



11. Closing Funds

	Actual
Current Assets	
Cash Assets	\$74,051k
Rates and Sundry Debtors	\$866k
GST Receivable	\$625k
Accrued Income	\$1,161k
Advances and Prepayments	\$284k
	\$76,987k
Less: Current Liabilities	
Creditors	(\$2,219k)
Sundry Payables	(\$228k)
Provisions - Annual Leave	(\$2,991k)
Provisions - Other	(\$4,828k)
Accrued Expenses	(\$4,472k)
Borrowings	(\$348k)
GST Payable	(\$100k)
	(\$15,186k)
Net Current Assets	\$61,801k
Less: Borrowings	(\$842k)
Restricted Assets	(\$40,849k)
Closing Funds - Surplus	\$20,110k
Non Current adjustments to closing funds	
Less: Provision for Long Service Leave	(\$157k)
Less : Recovery of MRF contribution	(\$198k)
Adjusted Closing Funds - Surplus	\$19,755k