



City of Joondalup

Financial Activity Statement for the Period Ended 30 June 2011

(Subject to final audited accounts)

Contents

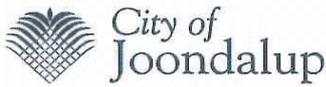
Appendix

Financial Activity Statement	1
Investment Summary	2
Notes to and Forming Part of the Financial Activity Statement	3



City of Joondalup
Financial Activity Statement
for the period ended 30 June 2011
(Subject to final audited accounts)

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(69,652,632)	(69,652,632)	(69,861,079)	208,447	0%
Grants and Subsidies	1	(3,173,691)	(3,173,691)	(3,983,235)	809,544	26%
Contributions Reimbursements and Donations	2	(2,372,455)	(2,372,455)	(2,988,901)	616,446	26%
Profit on Asset Disposals		(96,967)	(96,967)	(53,556)	(43,410)	(45)%
Fees and Charges		(29,596,529)	(29,596,529)	(30,132,014)	535,485	2%
Investment Earnings	3	(4,189,768)	(4,189,768)	(5,397,611)	1,207,842	29%
Other Revenue/Income	4	(174,896)	(174,896)	(252,506)	77,610	44%
Total Operating Revenue		(109,256,937)	(109,256,937)	(112,668,901)	3,411,964	3%
OPERATING EXPENSES						
Employee Costs		45,011,091	45,011,091	44,329,162	681,929	2%
Materials and Contracts		41,888,308	41,888,308	40,470,461	1,417,847	3%
Utilities (gas, electricity, water etc.)	5	4,560,824	4,560,824	4,766,532	(205,708)	(5)%
Depreciation of Non-Current Assets	6	23,037,302	23,037,302	21,795,850	1,241,452	5%
Loss on Asset Disposal	7	135,614	135,614	221,761	(86,147)	(64)%
Interest Expenses	8	692,758	692,758	620,437	72,321	10%
Insurance Expenses		1,250,850	1,250,850	1,297,377	(46,527)	(4)%
Total Operating Expenses		116,576,747	116,576,746	113,501,580	3,075,166	3%
(SURPLUS)/DEFICIT FROM OPERATIONS		7,319,810	7,319,809	832,679	6,487,130	(89)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets	6	(23,037,302)	(23,037,302)	(21,795,850)	(1,241,452)	(5)%
Loss on Asset Disposal	7	(135,614)	(135,614)	(221,761)	86,147	64%
Profit on Asset Disposals		96,967	96,967	53,556	43,410	(45)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,756,140)	(15,756,140)	(21,131,376)	5,375,236	34%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	9	(9,263,996)	(9,263,996)	(8,330,966)	(933,030)	(10)%
Capital Contributions	10	(25,000)	(25,000)	(90,884)	65,884	264%
Acquired Infrastructure Assets	10	(1,300,000)	(1,300,000)	(460,841)	(839,159)	(65)%
Total Non-Operating Revenue		(10,588,996)	(10,588,996)	(8,882,690)	(1,706,305)	(16)%
CAPITAL EXPENDITURE						
Capital Projects	11	3,552,236	3,552,236	1,541,868	2,010,368	57%
Capital Works	12	28,828,183	28,828,183	22,586,912	6,241,272	22%
Motor Vehicle Replacements	13	1,907,441	1,907,441	1,297,682	609,759	32%
Loan Repayment Principal	8	1,279,959	1,279,959	1,243,401	36,558	3%
Equity Investments		-	-	33,292	(33,292)	-
Total Capital Expenditure		35,567,819	35,567,820	26,703,155	8,864,665	25%
CAPITAL (SURPLUS)/DEFICIT		24,978,824	24,978,824	17,820,464	7,158,360	29%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		9,222,684	9,222,684	(3,310,912)	12,533,595	(136)%
FUNDING						
Proceeds from Disposal	7	(410,887)	(410,887)	(282,545)	(128,342)	(31)%
Loan Funds		(2,924,000)	(2,924,000)	(2,924,000)	-	0%
Transfer from Reserve		(13,232,843)	(13,232,843)	(11,939,438)	(1,293,405)	(10)%
Transfer to Reserve		10,652,502	10,652,502	19,616,971	(8,964,469)	84%
Transfer to Accumulated Surplus		1,300,000	1,300,000	460,841	839,159	(65)%
Opening Funds		(4,608,378)	(4,608,378)	(4,608,378)	-	0%
CLOSING FUNDS	14	(922)	(922)	(2,987,460)	2,986,537	323839%



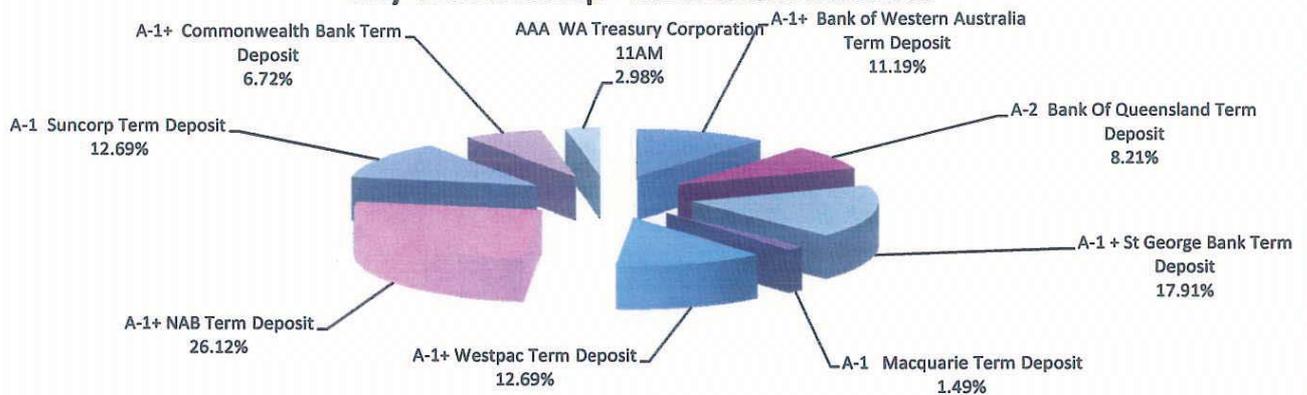
Investment Summary

CITY OF JOONDALUP
June-11

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.99%	6.05%	\$ 7,500,000	11.19%	20%
A-2 Bank Of Queensland Term Deposit	6.29%	6.20%	\$ 5,500,000	8.21%	10%
A-1 + St George Bank Term Deposit	6.07%	5.92%	\$ 12,000,000	17.91%	20%
A-1 Macquarie Term Deposit	6.15%	6.10%	\$ 1,000,000	1.49%	15%
A-1+ Westpac Term Deposit	6.03%	6.06%	\$ 8,500,000	12.69%	20%
A-1+ NAB Term Deposit	6.10%	6.05%	\$ 17,500,000	26.12%	20%
A-1 Suncorp Term Deposit	6.23%	6.21%	\$ 8,500,000	12.69%	15%
A-1+ Commonwealth Bank Term Deposit	5.97%	5.80%	\$ 4,500,000	6.72%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.62%	\$ 1,998,000	2.98%	20%
Total Investment Portfolio	6.02%	6.01%	66,998,000	100.00%	

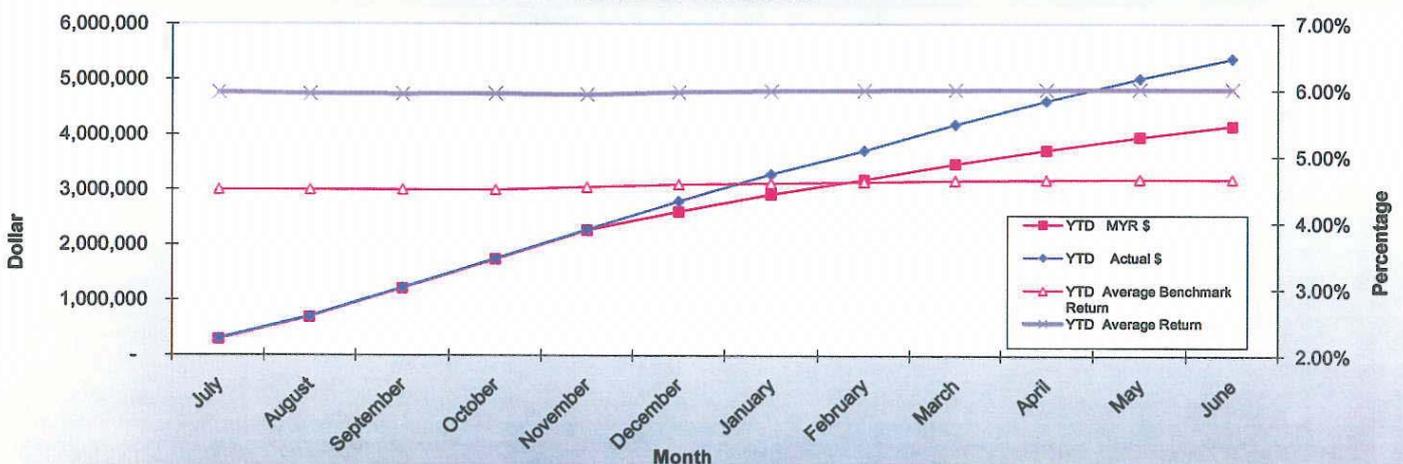
Municipal Funds	18,471,122
Reserve Funds	48,526,878
	66,998,000

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%
June	201,343	360,179	4,157,446	5,373,096	4.66%	6.01%

Return on Investments





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

(Subject to final audited accounts)

1. Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) State General Purpose - WALGGC	\$2,388,668	\$3,218,463	\$829,795
b) Other Grants & Subsidies	\$785,023	\$764,772	(\$20,251)
	<u>\$3,173,691</u>	<u>\$3,983,235</u>	<u>\$809,544</u>

a) The first payment of \$829,795 for the 2011/12 general purpose State Local Government Assistance Grant has been received in the 2010/11 financial year.

b) The City received an unbudgeted subsidy of \$38,250 from Main Roads WA for 50% of the cost of street lighting on qualifying roads, \$15,312 additional funding for the Financial Counselling Emergency Relief program and an unbudgeted Coastal Protection Grant \$15,000 for Sorrento / Marmion.

Funding from the Department of Sport and Recreation (\$70,000) for the Club Development Officer Scheme is yet to be received and the grant from Lotterywest for the Biodiversity Icon Species DVD (\$17,000) was accounted for in 2009/10.

2. Contributions, Reimbursements & Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$1,292,000	\$1,833,110	\$541,110
b) Other Contributions, Reimbursements & Donations	\$1,080,455	\$1,155,791	\$75,336
	<u>\$2,372,455</u>	<u>\$2,988,901</u>	<u>\$616,446</u>

a) The Sale of Recyclable Materials exceeded budget by \$541,110 mainly due to strong prices compared to those anticipated in the budget.

b) Other Miscellaneous Reimbursements are \$117,464 above budget which includes \$12,589 for Library staff secondment to the West Coast Institute, \$32,419 for Long Service Leave reimbursed by other councils, \$11,000 for the clearing of vegetation at the front of the Warwick Leisure Centre and \$10,680 from Main Roads WA for bushland reserve conservation fencing and farm gate in Connolly. The balance is spread across a number of areas.



3. Investment Earnings

Investment income exceeded budget by \$1,207,842, as the volume of funds invested is higher than budget mainly owing to lower expenditure and higher income.

4. Other Revenue

	YTD Revised Budget	YTD Actual	Variance
a) Rebates Received	-	\$74,128	\$74,128
b) Other	\$174,896	\$178,378	\$3,482
	<u>\$174,896</u>	<u>\$252,506</u>	<u>\$77,610</u>

- a) An unbudgeted Members Experience Bonus dividend of \$74,128 was received from the Local Government Insurance Scheme.
- b) This includes favourable variances of \$10,857 for storm damage, \$7,209 for Adshell advertising revenue which are offset by an unfavourable variance for Discounts Received of (\$15,585).

5. Utilities

	YTD Revised Budget	YTD Actual	Variance
a) Electricity	\$4,202,832	\$4,522,331	(\$319,499)
b) Gas / Water	\$357,992	\$244,201	\$113,791
	<u>\$4,560,824</u>	<u>\$4,766,532</u>	<u>(\$205,708)</u>

- a) Electricity costs are above budget estimates for the City's Parks (\$151,886), Community Facilities (\$103,808) and Street Lighting (\$80,447).
- b) This favourable variance predominantly relates to water and gas for Community Facilities which are \$106,838 below budget.

6. Depreciation of Non-Current Assets

Depreciation on infrastructure assets is \$1,066,769 below budget due to a combination of the actual value of assets capitalised being below budget and estimated depreciation being overstated. Depreciation on Property, Plant and Equipment assets is \$174,683 below budget predominantly as a result of actual acquisitions being behind budget phasing

7. Loss on Asset Disposal

The actual loss on Fleet and Plant disposals is \$44,639 below budget. This is offset by an unbudgeted loss on the disposal of Buildings (\$98,699).



In addition the variance includes a provision of (\$32,087) for anticipated losses on assets identified to be written off in the recent asset verification check which is yet to be finalised.

8. Interest Expenses & Loan Repayment Principal

Savings in loan interest and principal repayments arose 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, later than projected.

9. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$100,000	-	(\$100,000)
b) Major Road Construction	\$3,862,000	\$3,315,333	(\$546,667)
c) Blackspot Program	\$523,509	\$219,563	(\$303,946)
d) Road Preservation / Resurfacing Program	\$3,091,487	\$3,242,092	\$150,605
Other	\$1,687,000	\$1,553,978	(\$133,022)
	<u>\$9,263,996</u>	<u>\$8,330,966</u>	<u>(\$933,030)</u>

- a) The City is currently awaiting feedback from the Department of Transport regarding the timing of payment for this grant.
- b) The final grant claim for Moore Drive / Connolly Drive (\$546,667) will be made in 2011/12 financial year as the project is budgeted as carried forward.
- c) Grants for Marmion Avenue/Hepburn Avenue (\$92,000) and Marmion Avenue/Seacrest Drive (\$26,000) will be claimed in the next financial year. Grant revenue accounted for in prior years but included in the budget in error totalled (\$77,398). The balance of the unfavourable variance is due to lower than budget final grant claims on projects as a result of actual expenditure being less than budget.
- d) The first payment of \$544,149 for the 2011/12 State Local Road Grant was received in June 2011 offset by a correction of (\$42,959) which relates to prior year. Roads to recovery grant revenue was (\$328,573) below budget predominantly due to the final quarters claim yet to be received.

10. Capital Contributions & Acquired Infrastructure Assets

	YTD Revised Budget	YTD Actual	Variance
a) Capital Contributions	\$25,000	\$90,884	\$65,884
b) Acquired Infrastructure Assets	\$1,300,000	\$460,841	(\$839,159)
	<u>\$1,325,000</u>	<u>\$551,725</u>	<u>(\$773,275)</u>



- a) This variance includes an unbudgeted contribution of \$30,000 received from the Water Corporation for works at Blackboy Park, Mullaloo and \$59,802 for a Toyota Hiace that has been provided to us by the State Emergency Service which has been added to our fleet (see 12 below). Budgeted contributions have not been received for Walter Padbury Boulevard (\$15,000) and McCubbin Park (\$10,000); work on these projects will take place in the next financial year.
- b) The uptake of assets from developers is lower than budget predominantly for roads.

11. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$1,554,096	\$338,146	\$1,215,950
b) Joondalup Performing Arts & Cultural facility	\$150,000	\$35,627	\$114,373
c) Upgrade Materials Recovery Facility	\$245,000	\$25,700	\$219,300
d) Joondalup City Centre Commercial Office Development	\$253,400	\$50,122	\$203,278
e) Infringement Issuing System	\$150,000	\$100,120	\$49,880
f) Cafes/Restaurants/Kiosks	\$150,000	\$24,323	\$125,677
Other Projects – not material	\$1,049,740	\$967,830	\$81,910
	<u>\$3,552,236</u>	<u>\$1,541,868</u>	<u>\$2,010,368</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 budgeted work at the Materials Recovery Facility is forecast to be completed in the next financial year.
- d) 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.
- e) The implementation cost of the Electronic Infringement Issuing System was \$49,880 below budget.
- f) It is anticipated that future progress on this project will be determined following consideration of the draft preliminary site assessment report.



12. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	\$5,513,788	\$5,194,019	\$319,769
b) Traffic Management Program	\$2,578,457	\$1,801,077	\$777,380
c) Parks Equipment Program	\$2,598,614	\$1,391,380	\$1,207,234
d) Bridges Program	\$351,900	\$88,975	\$262,925
e) Stormwater Drainage	\$649,130	\$501,833	\$147,297
f) Park Development Program	\$1,372,917	\$1,149,055	\$223,862
g) Streetscape Enhancement	\$2,062,087	\$368,966	\$1,693,121
h) Paths Program	\$739,948	\$370,077	\$369,871
i) Major Building Capital Works	\$2,013,815	\$1,746,248	\$267,567
j) Major Projects	\$6,114,837	\$5,542,714	\$572,123
Other Works variances - not material	\$4,832,690	\$4,432,568	\$400,122
	<u>\$28,828,183</u>	<u>\$22,586,912</u>	<u>\$6,241,271</u>

a) This favourable variance includes \$328,642 for the Moore Drive / Connolly Drive dual carriageway that has been listed as a carry forward due to delays in completion.

b) A favourable variance of \$636,990 occurred on the Local Traffic Management program. Variances on works that will be completed next financial year include Kingsley Drive \$206,403, Edgewater Drive \$7,826 and Naturaliste Boulevard \$6,500. A number of completed projects created favourable variances including Lilburne Road (Warwick Road to Hepburn Avenue) \$71,578, Glengarry Drive (Hepburn Avenue to Doveridge Drive) \$65,792 and Dorchester Avenue (Warwick Road to beach Road) \$51,285.

State Blackspot projects are \$140,390 below budget primarily due to actual completion costs being below budget estimates including Edgewater Drive (Ocean Reef Road to Wedgwood Drive) \$41,488 and Duffy Terrace (Whitfords Avenue to Woodvale Drive) \$62,923.

c) The Floodlight and Pole Replacement program has a favourable variance of \$437,851 and has been identified as a carry forward due to difficulties with the design. In addition several other projects totalling \$654,005 are to be carried forward into 2011/12. Variances also occurred on several completed projects including Warwick Open Space tennis court resurfacing \$28,199 and Robin Park \$20,720.

d) 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.

e) Mirror Park drainage upgrade \$100,000 is listed as a carry forward to the next financial year and projects have savings on completion include Geneff Park \$23,221 and Sorrento Beach car park \$23,847.

f) The Parks Development program includes carry forward projects with variances totalling \$134,876. In addition a favourable variance of \$80,418 occurred upon completion of turf and irrigation works at Marri Park.



- g) The Streetscape Enhancement program has experienced delays in particular with planting which is not anticipated until the next financial year. Carry forward project variances total \$1,648,671 including Burns Beach Road landscaping \$543,219 and Entry Statements \$375,380 which is in the design stage.
- h) This favourable variance includes a carry forward project for Burns Beach 1.6 km path \$228,681 due to delays experienced during the design phase, Marmion Avenue, Ocean Reef Road to Hodges Drive, \$68,990 which has been withdrawn and Hepburn Avenue which was completed \$30,350 below budget.
- i) Actual funds to be carried forward are \$199,147 for the Regional Local Community Infrastructure Projects for solar panels at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre which are expected to be installed during August 2011.

The balance of the variance \$68,420 is due to the program being completed below budget.

- j) The Regional Local Community Infrastructure Projects are substantially completed and are \$572,122 below budget which is to be carried forward as final payments are still to be finalised. These projects include Seacrest Park Community Sporting Facility, Forrest Park Clubrooms, Fleur Freame Pavilion and Gibson Park Community Centre.

14. Motor Vehicle Replacements

The purchase of an additional Community Bus \$160,000 is not going to proceed. Orders totaling \$390,474 have been placed but delivery of the items will not occur until 2011/12. The State Emergency Service has provided the City with a Toyota Hiace (\$59,802) that has been added to the fleet however this is offset by a capital contribution. The balance of the variance reflects a net saving to budget on all other acquisitions for the year of \$119,087.



15. Closing Funds

	Actual
Current Assets	
Cash Assets	\$66,889,699
Rates and Sundry Debtors	\$2,833,841
GST Receivable	\$871,475
Accrued Income	\$1,127,694
Advances and Prepayments	\$940,063
	\$72,662,772
Less: Current Liabilities	
Creditors	(\$5,007,308)
Sundry Payables	(\$243,262)
Provisions - Annual Leave	(\$3,026,905)
Provisions - Other	(\$4,849,904)
Accrued Expenses	(\$5,314,529)
Income in Advance	(\$1,020,182)
Borrowings	(\$1,479,763)
GST Payable	(\$225,176)
	(\$21,167,029)
Net Current Assets	\$51,495,743
Add: Borrowings	\$1,479,763
Less: Restricted Assets	(\$48,526,881)
Closing Funds - Surplus	\$4,448,625
Less:	
Non Current adjustments / Borrowings	(\$1,461,166)
Adjusted Closing Funds - Surplus	\$2,987,459