

# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 July 2011

## Contents

## Appendix

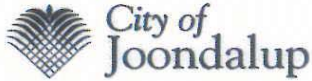
Financial Activity Statement	1
Investment Summary	2
Notes to and Forming Part of the Financial Activity Statement	3





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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(74,339,858)	(72,781,517)	(72,934,752)	153,235	0%
Grants and Subsidies		(3,077,873)	(58,505)	(45,903)	(12,602)	(22)%
Contributions Reimbursements and Donations	1	(2,040,474)	(152,753)	(409,424)	256,672	168%
Profit on Asset Disposals		(77,740)	-	(1,626)	1,626	100%
Fees and Charges		(31,887,890)	(18,605,357)	(18,463,163)	(142,194)	(1)%
Investment Earnings		(4,563,005)	(307,705)	(336,133)	28,428	9%
Other Revenue/Income	2	(138,000)	(4,000)	(79,715)	75,715	1893%
<b>Total Operating Revenue</b>		<b>(116,124,840)</b>	<b>(91,909,837)</b>	<b>(92,270,717)</b>	<b>360,880</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	3	48,980,352	4,578,267	4,264,037	314,230	7%
Materials and Contracts	4	43,085,906	3,940,258	2,423,598	1,516,660	38%
Utilities (gas, electricity, water etc.)	5	5,520,852	515,822	415,562	100,260	19%
Depreciation of Non-Current Assets		22,728,447	1,905,684	1,916,546	(10,862)	(1)%
Loss on Asset Disposal		132,503	-	-	-	0%
Interest Expenses		675,602	58,805	59,495	(690)	(1)%
Insurance Expenses		1,364,907	727,369	768,977	(41,607)	(6)%
<b>Total Operating Expenses</b>		<b>122,488,569</b>	<b>11,726,206</b>	<b>9,848,215</b>	<b>1,877,991</b>	<b>16%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>6,363,729</b>	<b>(80,183,631)</b>	<b>(82,422,502)</b>	<b>2,238,871</b>	<b>3%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets		(22,728,447)	(1,905,684)	(1,916,546)	10,862	1%
Loss on Asset Disposal		(132,503)	-	-	-	0%
Profit on Asset Disposals		77,740	-	1,626	(1,626)	0%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(16,419,481)</b>	<b>(82,089,314)</b>	<b>(84,337,422)</b>	<b>2,248,107</b>	<b>3%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	6	(5,557,800)	-	(80,816)	80,816	100%
Capital Contributions		(10,000)	(10,000)	-	(10,000)	0%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
<b>Total Non-Operating Revenue</b>		<b>(6,967,800)</b>	<b>(10,000)</b>	<b>(80,816)</b>	<b>70,816</b>	<b>708%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	7	3,545,461	198,169	10,609	187,560	95%
Capital Works		22,831,728	361,965	334,613	27,352	8%
Motor Vehicle Replacements		2,825,999	-	30,556	(30,556)	100%
Loan Repayment Principal		1,479,763	22,341	22,341	0	0%
Equity Investments		-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>30,682,951</b>	<b>582,475</b>	<b>398,120</b>	<b>184,355</b>	<b>32%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>23,715,151</b>	<b>572,475</b>	<b>317,303</b>	<b>255,172</b>	<b>45%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>7,295,670</b>	<b>(81,516,840)</b>	<b>(84,020,118)</b>	<b>2,503,279</b>	<b>3%</b>
<b>FUNDING</b>						
Proceeds from Disposal		(724,100)	-	(1,626)	1,626	100%
Loan Funds		-	-	-	-	0%
Transfer from Reserve		(9,876,856)	-	-	-	0%
Transfer to Reserve		3,937,441	-	-	-	0%
Transfer to Accumulated Surplus		1,400,000	-	-	-	0%
Opening Funds		(2,046,117)	(2,046,117)	(2,987,469)	941,352	46%
<b>CLOSING FUNDS</b>	8	<b>(13,962)</b>	<b>(83,562,957)</b>	<b>(87,009,214)</b>	<b>3,446,257</b>	<b>4%</b>



## Investment Summary

CITY OF JOONDALUP  
July-11

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.98%	5.98%	\$ 6,000,000	9.59%	20%
A-2 Bank Of Queensland Term Deposit	6.24%	6.24%	\$ 6,000,000	9.59%	10%
A-1 + St George Bank Term Deposit	6.08%	6.08%	\$ 13,500,000	21.59%	20%
A-1 Macquarie Term Deposit	6.15%	6.15%	\$ 1,000,000	1.60%	15%
A-1+ Westpac Term Deposit	6.04%	6.04%	\$ 11,000,000	17.59%	20%
A-1+ NAB Term Deposit	6.07%	6.07%	\$ 14,000,000	22.39%	20%
A-1 Suncorp Term Deposit	6.23%	6.23%	\$ 6,500,000	10.39%	15%
A-1+ Commonwealth Bank Term Deposit	6.00%	6.00%	\$ 2,500,000	4.00%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.70%	\$ 2,038,000	3.26%	20%
<b>Total Investment Portfolio</b>	<b>6.02%</b>	<b>6.02%</b>	<b>62,538,000</b>	<b>100.00%</b>	

Municipal Funds

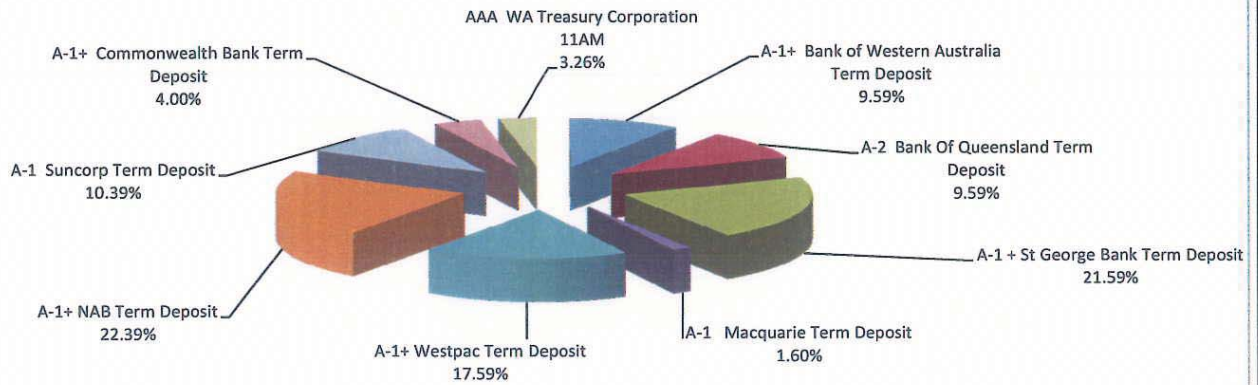
14,023,503

Reserve Funds

48,514,497

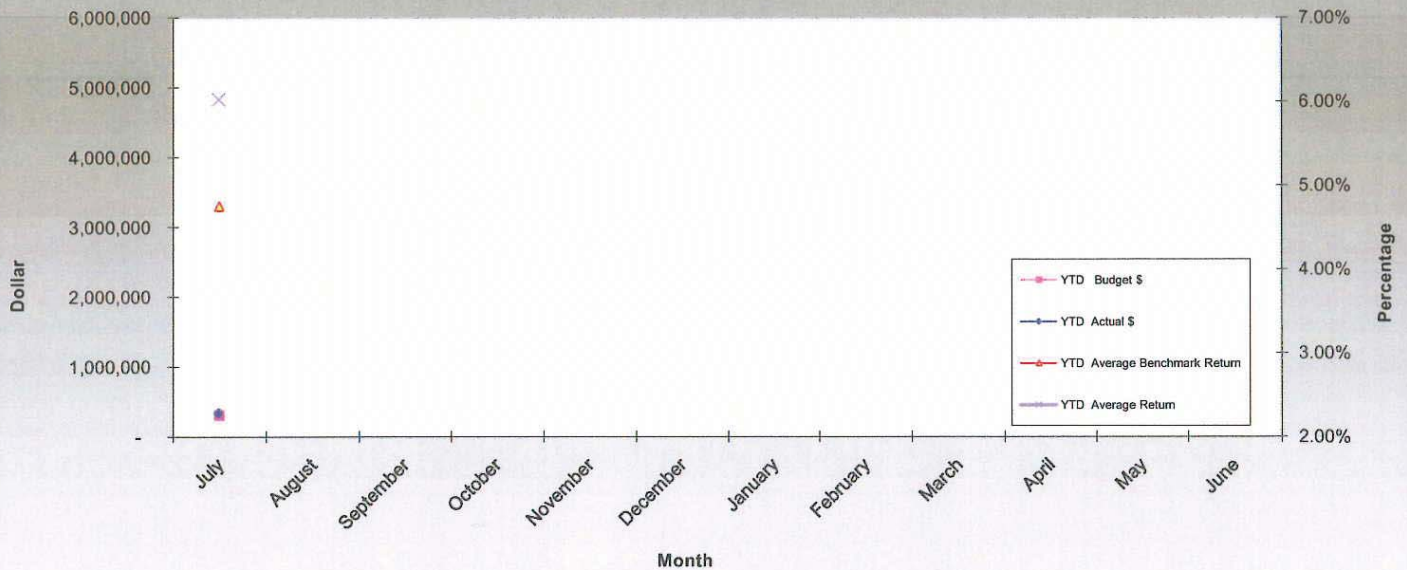
**62,538,000**

### City of Joondalup - Investment Balances



Month	MTD Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	307,778	336,115	307,778	336,115	4.75%	6.02%

### Return on Investments





## Appendix 3



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

**1. Contributions, Reimbursements & Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$100k	\$378k	\$278k
b) Other Contributions, Reimbursements & Donations	\$53k	\$31k	(\$22k)
	<u>\$153k</u>	<u>\$409k</u>	<u>\$256k</u>

a) The Sale of Recyclable Materials exceeded budget by \$278k, of which \$122k relates to the prior financial year. This is due to strong prices and higher volumes compared to those anticipated in the budget.

b) This unfavourable variance includes reimbursement from Main Roads WA for the maintenance on Marmion Avenue median (\$10k) that is yet to be received and reimbursements for Community Facilities \$14k that is being investigated.

**2. Other Revenue**

	YTD Adopted Budget	YTD Actual	Variance
a) Rebates Received	-	\$52k	\$52k
b) Adshell - Advertising	-	\$28k	\$28k
c) Discounts Received	\$4k	-	(\$4k)
	<u>\$4k</u>	<u>\$80k</u>	<u>\$76k</u>

a) An unbudgeted Workers Compensation rebate of \$51k was received from the Local Government Insurance Scheme.

b) Adshell advertising revenue of \$28k was received in the period which was for the last quarter of the previous financial year.

c) The discount received on settlement of supplier invoices is (\$4k) below budget.

**3. Employee Costs**

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$3,718k	\$3,395k	\$323k
Other Employment Costs	\$860k	\$869k	(\$9k)
	<u>\$4,578k</u>	<u>\$4,264k</u>	<u>\$314k</u>

## Appendix 3



- a) This variance is mainly attributable to the budgeted salary increase from 1 July 2010 for the inside workforce that was not paid in the period. The actual increase has now been agreed and will be paid in August.

#### 4. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$109k	\$47k	\$62k
b) Professional Fees & Costs	\$461k	\$276k	\$185k
c) Public Relations, Advertising & Promotions	\$89k	\$19k	\$70k
d) Computing	\$224k	\$113k	\$111k
e) Furniture, Equipment and Artworks	\$102k	\$26k	\$76k
f) Accommodation & Property	\$166k	\$51k	\$115k
g) External Service Expenses	\$1,437k	\$749k	\$688k
h) Contributions & Donations	\$160k	\$55k	\$105k
i) Other Materials	\$138k	\$57k	\$81k
Other Variances - not material	\$1,054k	\$1,031k	\$23k
	<b>\$3,940k</b>	<b>\$2,424k</b>	<b>\$1,516k</b>

- a) This variance includes a favourable phasing variance for the Chamber of Commerce and Industry annual membership fee \$24k. Favourable variances also occurred on external Printing \$21k and Photocopying \$9k.

- b) Consultancy expenditure is \$210k below budget and is dependant on progress of projects including Part B of the Local Commercial Strategy \$50k now anticipated for December, Shared Pathway – Burns Beach to Mindarie \$50k, Coastal Foreshore Management Plan \$40k and the Employee Opinion Survey \$36k.

Fines Enforcement Registry lodgement fees are (\$24k) over budget as a result of lodgements carried over from June 2011 which were delayed due to changes in the lodgement process. In addition legal expenses are (\$13k) over budget and Licence Searches are \$7k under budget.

- c) Favourable variances arose for new signage for the Cleanaway waste vehicles \$25k for which an invoice is yet to be received, Advertising \$23k and Catering \$14k which are spread across a number of areas.
- d) Favourable timing variances have occurred for Computer Software Licences for Centaman \$30k which will be paid in August, Computer Software Maintenance costs for Centaman and Aurion \$55k and Data Communication Links and Internet Provider Costs \$30k.
- e) Plant & Equipment maintenance is below budget \$21k for the pay and display parking terminals and \$11k for Leisure Centre equipment. Timing variances also occurred for Plant & Equipment purchases for facility projects \$11k which are yet to commence and Leisure Centres \$7k. The balance of the favourable variance is



## Appendix 3



spread across a number of areas including Furniture & Office Equipment purchases \$15k.

- f) This variance is predominantly due to phasing including Refuse Removal charges \$37k and property and water Rates on City properties \$65k which are forecast to be paid in August 2011.
- g) External Contractor Service expenditure for Operation Services is \$228k below budget predominantly due to timing variances for various maintenance works. Orders totalling this amount have been raised for work that has been completed or for work scheduled to be completed. Additional External Contractor Service favourable timing variances occurred for Graffiti Removal \$30k, Building Maintenance \$59k, Leisure Centre cleaning \$35k, Marketing \$28k and Human Resources \$15k.

Favourable variances also arose for External Contractor invoices that were accrued in the prior financial year that have not yet been processed including Information Technology \$42k, Traffic Engineering \$17k and Waste Management \$18k.

Tipping Fees (Domestic and Bulk) are \$175k below budget due to lower tonnages than anticipated in the period.

- h) Contributions and Donations are below budget as a result of favourable timing variances. These include \$60k for the Arena Community Sports and Recreation Association which is forecast to be paid in September, \$22k for Sponsorship and \$20k for the first quarter contribution to Wanneroo & Joondalup SES that has been paid in August.
- i) Building Material purchases are \$35k below budget and work is scheduled to commence in the coming months. Materials for Engineering, Parks and Natural Areas is \$40k below budget for which orders have been placed. In addition Trading Stock for the Leisure Centres is \$13k below budget due to the order being received later than anticipated.

## 5. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$435k	\$317k	\$118k
b) Gas / Water	\$81k	\$99k	(\$18k)
	<u>\$516k</u>	<u>\$416k</u>	<u>\$100k</u>

- a) Electricity costs are below budget estimates for Street Lighting \$76k, Community Facilities \$28k and City Parks \$14k.
- b) This unfavourable variance predominantly relates to water and gas for Community Facilities which are (\$14k) above budget.

## Appendix 3

**6. Capital Grants and Subsidies**

	YTD Adopted Budget	YTD Actual	Variance
a) Major Building Works	-	\$54k	\$54k
b) Blackspot Program	-	\$26k	\$26k
	-	\$80k	\$80k

a) The City received an unbudgeted grant of \$50k for the installation of a disabled lift facility at the Joondalup Library which is to be 50% funded by the Department of Families, Housing, Community Services and Indigenous Affairs.

b) State Blackspot grant receipts were recorded in error in the period, these will be corrected in August.

**7. Capital Projects**

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$149k	(\$5k)	\$154k
b) Cafes/Restaurants/Kiosks	\$12k	\$1k	\$11k
Other Projects – not material	\$37k	\$15k	\$22k
	\$198k	\$11k	\$187k

a) A draft Memorandum of Understanding between the City and the State Government is with the Office of Premier and Cabinet and following receipt by the City it will be presented to Council for endorsement. In addition water quality studies are currently being undertaken by consultants.

b) It is anticipated that future progress on this project will be determined following consideration of the preliminary site assessment report.



## Appendix 3

**8. Closing Funds**

	<b>Actual</b>
<b>Current Assets</b>	
Cash Assets	\$61,966k
Rates and Sundry Debtors	\$100,380k
GST Receivable	\$474k
Accrued Income	\$1,082k
Advances and Prepayments	\$704k
	\$164,606k
<b>Less: Current Liabilities</b>	
Creditors	(\$453k)
Sundry Payables	(\$14,476k)
Provisions - Annual Leave	(\$3,049k)
Provisions - Other	(\$5,145k)
Accrued Expenses	(\$4,310k)
Income in Advance	-
Borrowings	(\$1,457k)
GST Payable	(\$113k)
	(\$29,003k)
<b>Net Current Assets</b>	<b>\$135,603k</b>
<b>Less: Borrowings</b>	<b>(\$22k)</b>
<b>Less: Restricted Assets</b>	<b>(\$48,527k)</b>
<b>Closing Funds - Surplus</b>	<b>\$87,054k</b>
<b>Less:</b>	
Non Current adjustments	(\$45k)
<b>Adjusted Closing Funds - Surplus</b>	<b>\$87,009k</b>