



City of  
Joondalup

# City of Joondalup

Financial Activity Statement for the  
Period Ended 30 September 2011

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(74,339,858)	(74,018,758)	(73,926,270)	(92,488)	(0)%
Grants and Subsidies	1	(3,077,873)	(801,663)	(709,500)	(92,163)	(11)%
Contributions Reimbursements and Donations	2	(2,040,474)	(425,624)	(696,097)	270,473	64%
Profit on Asset Disposals		(77,740)	(1,812)	(35,477)	33,665	1858%
Fees and Charges	3	(31,887,890)	(21,193,834)	(20,960,883)	(232,950)	(1)%
Investment Earnings	4	(4,563,005)	(1,085,177)	(1,357,762)	272,585	25%
Other Revenue/Income		(138,000)	(34,500)	(82,012)	47,512	138%
<b>Total Operating Revenue</b>		<b>(116,124,840)</b>	<b>(97,561,367)</b>	<b>(97,768,002)</b>	<b>206,634</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs		48,980,352	12,756,142	12,677,415	78,726	1%
Materials and Contracts	5	43,085,906	11,377,629	9,628,218	1,749,411	15%
Utilities (gas, electricity, water etc.)		5,520,852	1,414,851	1,355,538	59,312	4%
Depreciation of Non-Current Assets		22,728,447	5,697,121	5,722,747	(25,627)	(0)%
Loss on Asset Disposal		132,503	56,203	9,221	46,982	84%
Interest Expenses		675,602	176,663	176,115	548	0%
Insurance Expenses		1,364,907	786,425	780,147	6,278	1%
<b>Total Operating Expenses</b>		<b>122,488,569</b>	<b>32,265,033</b>	<b>30,349,402</b>	<b>1,915,631</b>	<b>6%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>6,363,729</b>	<b>(65,296,335)</b>	<b>(67,418,600)</b>	<b>2,122,265</b>	<b>3%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets		(22,728,447)	(5,697,121)	(5,722,747)	25,627	0%
Loss on Asset Disposal		(132,503)	(56,203)	(9,221)	(46,982)	(84)%
Profit on Asset Disposals		77,740	1,812	35,477	(33,665)	1858%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(16,419,481)</b>	<b>(71,047,846)</b>	<b>(73,115,091)</b>	<b>2,067,245</b>	<b>3%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	6	(5,557,800)	(1,364,032)	(1,286,982)	(77,050)	(6)%
Capital Contributions		(10,000)	(10,000)	-	(10,000)	(100)%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
<b>Total Non-Operating Revenue</b>		<b>(6,967,800)</b>	<b>(1,374,032)</b>	<b>(1,286,982)</b>	<b>(87,050)</b>	<b>(6)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	7	3,545,461	815,759	257,907	557,852	68%
Capital Works	8	22,831,728	2,042,950	1,576,238	466,712	23%
Motor Vehicle Replacements	9	2,825,999	446,999	195,088	251,911	56%
Loan Repayment Principal		1,479,763	362,177	362,177	(0)	(0)%
Equity Investments		-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>30,682,951</b>	<b>3,667,885</b>	<b>2,391,411</b>	<b>1,276,475</b>	<b>35%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>23,715,151</b>	<b>2,293,853</b>	<b>1,104,429</b>	<b>1,189,425</b>	<b>52%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>7,295,670</b>	<b>(68,753,993)</b>	<b>(72,010,662)</b>	<b>3,256,670</b>	<b>5%</b>
<b>FUNDING</b>						
Proceeds from Disposal		(724,100)	(181,025)	(61,226)	(119,799)	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>	10	<b>(13,962)</b>	<b>(70,981,135)</b>	<b>(75,059,357)</b>	<b>4,078,223</b>	<b>6%</b>

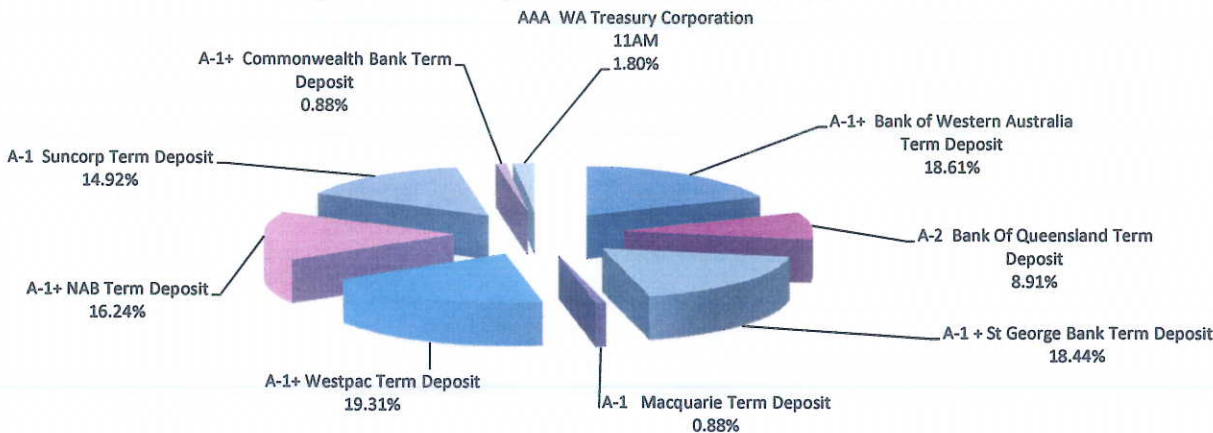


# Investment Summary

CITY OF JOONDALUP  
September-11

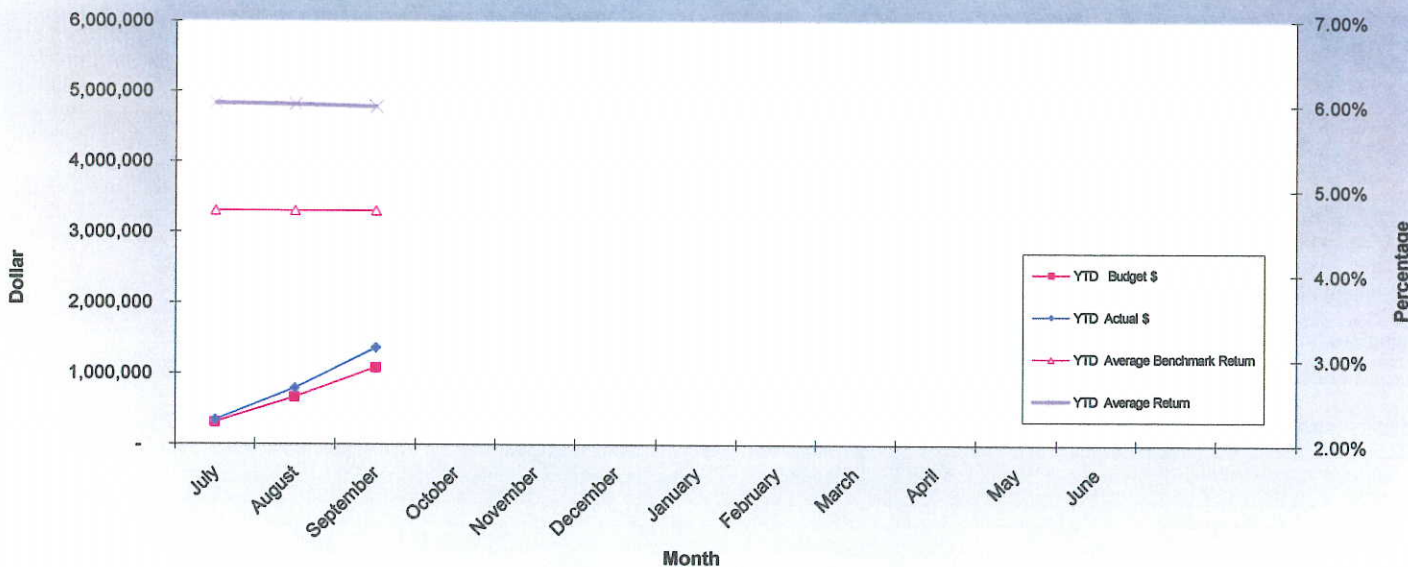
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.91%	5.93%	\$ 21,200,000	18.61%	20%
A-2 Bank Of Queensland Term Deposit	6.17%	6.19%	\$ 10,150,000	8.91%	10%
A-1 + St George Bank Term Deposit	5.98%	6.03%	\$ 21,000,000	18.44%	20%
A-1 Macquarie Term Deposit	6.15%	6.15%	\$ 1,000,000	0.88%	15%
A-1+ Westpac Term Deposit	5.99%	6.01%	\$ 22,000,000	19.31%	20%
A-1+ NAB Term Deposit	5.94%	6.01%	\$ 18,500,000	16.24%	20%
A-1 Suncorp Term Deposit	6.04%	6.11%	\$ 17,000,000	14.92%	15%
A-1+ Commonwealth Bank Term Deposit	5.84%	5.91%	\$ 1,000,000	0.88%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.69%	\$ 2,053,000	1.80%	20%
<b>Total Investment Portfolio</b>	<b>5.94%</b>	<b>5.98%</b>	<b>113,903,000</b>	<b>100.00%</b>	
<b>Municipal Funds</b>			<b>65,520,800</b>		
<b>Reserve Funds</b>			<b>48,382,200</b>		
			<b>113,903,000</b>		

## 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%
August	356,878	448,605	664,656	784,720	4.75%	6.01%
September	419,850	572,870	1,084,506	1,357,590	4.75%	5.98%

## Return on Investments





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

**1. Grants & Subsidies**

	YTD Adopted Budget	YTD Actual	Variance
a) State Operating Grants	\$144,013	\$75,644	(\$68,369)
b) Other Grants & Subsidies	\$657,650	\$633,856	(\$23,794)
	<u>\$801,663</u>	<u>\$709,500</u>	<u>(\$92,163)</u>

a) Grants to be received later than budget include (\$50,000) for the Coastal Risk Assessment study and (\$40,000) for the Walkability Master Plan from Lotterywest. A favourable timing variance occurred of \$27,842 for the Financial Counselling grant from the Department of Child Protection that was received earlier than budget.

b) The general purpose State Local Government Assistance Grant received is (\$32,453) less than budget for the period.

**2. Contributions, Reimbursements & Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$313,793	\$534,295	\$220,502
b) Other Contributions, Reimbursements & Donations	\$111,831	\$161,802	\$49,971
	<u>\$425,624</u>	<u>\$696,097</u>	<u>\$270,473</u>

a) Revenue received for the prior year exceeded the accrual by \$121,898 and the balance of \$98,604 is due to stronger prices and higher volumes to date than anticipated in the budget.

b) This favourable variance includes unbudgeted insurance reimbursements \$20,926 and an additional rent reimbursement from Mindarie Regional Council \$14,000. In addition the Valentines Concert Sponsorship \$20,000 has been received earlier than budget. These are offset by a reimbursement from Main Roads WA for the maintenance on Marmion Avenue median (\$10,000) that is yet to be received.



### 3. Fees & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Building & Development Fees	\$492,100	\$445,276	(\$46,824)
b) Sports & Recreation Fees	\$1,883,190	\$1,815,564	(\$67,626)
c) Hire & Rentals	\$252,597	\$167,220	(\$85,377)
d) Inspection & Control Fees	\$414,500	\$370,023	(\$44,477)
e) Fines & Penalties	\$456,875	\$408,395	(\$48,480)
f) Parking Fees	\$392,500	\$418,712	\$26,212
Other Fees & Charges	\$17,302,072	\$17,335,690	\$33,618
	<u>\$21,193,834</u>	<u>\$20,960,880</u>	<u>(\$232,954)</u>

- a) To date Building License Fees are (\$70,919) below budget and Development Application Fees are \$35,306 above budget.
- b) Revenue is above budget for the Learn to Swim program \$27,332 and for the Hire of Facilities \$31,270. This is offset by Leisure Centre Membership Fees which are (\$67,047) below budget, a seven day promotion is being conducted in October to promote membership. In addition revenue is below budget for Court Sports (\$30,152) and Term Programme Activities (\$28,037).
- c) This variance is primarily due to telecommunication tower leases that have not yet been finalised.
- d) Environmental Health Inspection Fees are (\$45,400) below budget mainly due to Food Business Registration Fees that have not yet been received.
- e) Parking Infringement revenue is (\$38,371) below budget.
- f) Parking Fees are above budget.

### 4. Investment Earnings

Investment income exceeded budget by \$272,585 as the volume of funds invested is higher than budget.



## 5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$331,395	\$209,490	\$121,905
b) Professional Fees & Costs	\$740,586	\$464,240	\$276,346
c) Public Relations, Advertising & Promotions	\$280,334	\$148,468	\$131,866
d) Computing	\$701,076	\$547,315	\$153,761
e) Furniture, Equipment and Artworks	\$594,867	\$237,017	\$357,850
f) Accommodation & Property	\$322,835	\$228,586	\$94,249
g) External Service Expenses	\$4,388,992	\$3,824,341	\$564,651
h) Contributions & Donations	\$378,673	\$313,439	\$65,234
i) Other Materials	\$431,370	\$367,736	\$63,634
j) Charges and Recoveries	(\$130,993)	(\$21,336)	(\$109,657)
Other Variances - not material	\$3,338,494	\$3,308,922	\$29,572
	<u>\$11,377,629</u>	<u>\$9,628,218</u>	<u>\$1,749,411</u>

a) This variance includes \$20,346 for the Chamber of Commerce and Industry annual membership which was budgeted in full to be paid in July but has actually been allocated on a monthly basis. The balance of the favourable variance is mainly attributable to the timing of expenditure and is spread across a number of areas including external Printing \$31,971, Photography and Video Production \$25,186, Photocopying \$15,262 and Stationery \$12,585.

b) Consultancy expenditure is \$314,863 below budget and is dependant on progress of projects. This includes Part B of the Local Commercial Strategy \$75k for which payments are forecast for next December and June, Shared Pathway – Burns Beach to Mindarie \$50k due to delays with the Department of Planning developing an establishment plan for the park between Burns Beach and Mindarie, Coastal Foreshore Management Plan \$40k which should be completed by the end of October and Youth Festivals \$50k which is progressing.

Fines Enforcement Registry lodgement fees are (\$19,544) 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 (\$43,494) over budget and Licence Fees for the Leisure Centres are \$6,977 under budget.

c) Promotion costs are \$10,000 below budget relating to the Wildcats event that is not going ahead at the Leisure Centres. The balance of the variance is predominantly due to the timing of various events and promotions and is spread across a number of areas.

d) This is primarily due to favourable timing variances that have occurred including \$80,500 for Microsoft Windows 7 and SQL Server 2008 licences and \$40,092 for various annual Software Maintenance renewals yet to be invoiced. Data Communication Links and Internet Provider Costs are \$37,480 below budget mainly as a result of payments made in the prior financial year of \$26,500 that will be adjusted at the Mid Year Budget Review.



- e) A favourable timing variance has occurred for the annual Computer Equipment purchase order \$168,679 which has now been placed. Computer Equipment maintenance is \$20,259 under budget predominantly due to maintenance renewal costs being lower than anticipated in the budget.

Plant & Equipment maintenance is below budget \$46,600 for parking machines due to invoices that are yet to be received and \$13,896 for Leisure Centre equipment. Timing variances also occurred for Plant & Equipment purchases for facility projects \$28,648 which are yet to commence and Leisure Centre equipment \$21,026 that has yet to be ordered.

- f) This favourable variance includes Refuse Removal charges \$76,571 that are spread across the City for which invoices are yet to be received. In addition Water Rates on City properties are \$14,671 below budget, no further payments are anticipated this year.
- g) External Contractor Service expenditure for maintenance of the City's Buildings and Facilities is (\$120,914) over budget due to a combination of unscheduled maintenance and the cost of materials being included in contractor charges which were budgeted as material purchases (see i) below). Operation Services contractor costs are \$94,515 below budget mainly as a result of the spraying contractor not being fully utilised due to seasonal applications.

Additional External Contractor Service favourable timing variances occurred for Capital Works Programming investigating and testing \$50,000, Graffiti Removal \$32,509, Leisure Centre cleaning \$35,733, Information Technology \$25,916 and Cultural Events \$17,679.

An unfavourable variance also occurred for various work on the Administration Building and undercover car park of which (\$41,401) is funded from carry forward reserve and the balance of (\$13,174) is a timing variance to budget.

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 \$35,409, Traffic Engineering \$11,257 and Waste Management \$18,281.

Tipping Fees (Domestic and Bulk) are \$306,536 below budget due to lower tonnages collected to date than anticipated in the period.

- h) Year to date contributions to the Warwick Leisure Centre are (\$62,537) over budget including final adjustments for the previous financial year. A favourable variance of \$15,000 occurred for Volunteering WA which was budgeted as a contribution however the invoice has been charged to External Service expenses.

The balance of the variance is mainly a result of timing variances including \$60,000 for the Arena Community Sports and Recreation Association, \$41,955 for various Sponsorships, \$22,117 for the Community Funding Program and \$20,766 for Prizes and Trophies. These are partially offset by contributions for various cricket wickets (\$50,659) paid earlier than phased in the budget.





- i) Building Material purchases are \$74,618 below budget which is offset by External Contractors who invoice the City in total for work done (see g above). Materials are over budget for Operation Services (\$25,790), mainly due to replacement of eroded cabling within street lighting, and parts for Fleet maintenance (\$14,162) that have been charged to materials in error and will be corrected in October. A favourable timing variance also occurred for Administration Building Works \$24,964.
- j) Capital Recoveries are below budget due to wet weather delaying work done to date.

#### 6. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Major Building Works	-	\$49,500	\$49,500
b) Foreshore and Natural Areas	-	\$44,275	\$44,275
c) Blackspot program	\$100,666	\$229,797	\$129,131
d) Road Preservation / Resurfacing program	\$1,263,366	\$963,410	(\$299,956)
	<u>\$1,364,032</u>	<u>\$1,286,982</u>	<u>(\$77,050)</u>

- a) The City received an unbudgeted grant of \$49,500 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) A Lotterywest grant of \$44,275 was received for Coastal Biodiversity Interpretive Signage that was budgeted to be received in the previous financial year.
- c) This favourable variance is due to final claims for Blackspot projects being received which were budgeted in the prior financial year including Marmion Avenue / Hepburn Avenue \$92,000 and Marmion Avenue / Seacrest Drive \$26,000.
- d) This unfavourable variance is mainly attributable to the timing of the Direct Road Grants that are yet to be received.

#### 7. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$447,510	\$102,801	\$344,709
b) Library Management System	\$102,749	-	\$102,749
c) PABX for Disaster Recovery site	\$52,000	-	\$52,000
Other Projects – not material	\$213,500	\$155,106	\$58,394
	<u>\$815,759</u>	<u>\$257,907</u>	<u>\$557,852</u>

- a) The project team have finalised draft Concept Plan 7.2 including the financial feasibility analysis, pending presentation to Committee and Council. Water quality studies at the harbour are anticipated to be completed in October. The variance is due to the timing of the project which is behind budget phasing.



- b) Purchase of the Self Serve equipment is now forecast to be complete by December 2011.
- c) Preliminary discussions for this project are planned to take place next month with actual implementation forecast to be complete by March 2012.

### 8. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$916,850	\$565,087	\$351,763
b) Traffic Management Program	\$50,000	\$198,104	(\$148,104)
c) Streetscape Enhancement Program	\$152,500	\$60,130	\$92,370
d) Parks Equipment Program	\$152,955	\$196,618	(\$43,663)
e) Major Road Construction	-	\$43,487	(\$43,487)
f) Park Development Program	\$299,000	\$70,855	\$228,145
g) Major Building Capital Works	\$318,751	\$249,833	\$68,918
Other Works variances - not material	\$152,894	\$192,124	(\$39,230)
	<u>\$2,042,950</u>	<u>\$1,576,238</u>	<u>\$466,712</u>

- a) The Road Preservation & Resurfacing Program is progressing with a number of projects completed. The variance is due to delays in invoicing by contractors.
- b) Work has started earlier than budget on a number of projects including Hodges Drive & Joondalup Drive Signals upgrade which is complete creating an unfavourable timing variance of (\$91,900).
- c) Projects are programmed over the coming months however a delay has occurred on the Hodges Drive Landscaping project which is now expected to be complete by the end of October.
- d) This unfavourable variance includes tennis court resurfacing at Warwick Open Space (\$10,271) which was completed last financial year but not accrued for. Unbudgeted expenditure on projects that are funded from the carry forwards total (\$55,086) and the balance of the variance is due to timing differences.
- e) The variance on Major Road Construction is due to Moore Drive/Connolly Drive which is a carried forward project from the previous financial year. This will be funded from a grant which will be claimed upon completion of the project.
- f) This favourable variance predominantly relates to Kingsley Park \$181,391 which is anticipated to be complete in November. A number of projects are complete however invoices are yet to be submitted to the City.
- g) A number of projects are behind the budget phasing including the replacement of fire indicator and detection systems at the Joondalup Library \$98,290 now expected to complete by the end of December and solar panels for Joondalup Library \$40,000. This is offset by unbudgeted expenditure of (\$173,738) which occurred for the



Regional Local Community Infrastructure Projects for solar panels at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre that are funded from the carry forward reserve.

#### 9. Motor Vehicle Replacements

Unfavourable variances occurred for unbudgeted fleet purchases of (\$182,588) which are funded from carry forwards. This variance also includes favourable timing variances to budget of \$434,499 with a number of items on order. Order commitments are \$640,866 at the end of the period.

#### 10. Closing Funds

	<b>Actual</b>
<b>Current Assets</b>	
Cash Assets	\$113,458,161
Rates and Sundry Debtors	\$34,072,049
GST Receivable	\$492,895
Accrued Income	\$1,345,741
Advances and Prepayments	\$642,260
	<b>\$150,011,106</b>
<b>Less: Current Liabilities</b>	
Creditors	(\$1,028,797)
Sundry Payables	(\$10,084,307)
Provisions - Annual Leave	(\$3,236,577)
Provisions - Other	(\$5,225,591)
Accrued Expenses	(\$5,046,326)
Income in Advance	-
Borrowings	(\$1,117,586)
GST Payable	(\$92,616)
	<b>(\$25,831,800)</b>
<b>Net Current Assets</b>	<b>\$124,179,306</b>
<b>Less: Borrowings</b>	<b>(\$362,177)</b>
<b>Less: Restricted Assets</b>	<b>(\$48,565,352)</b>
<b>Closing Funds - Surplus</b>	<b>\$75,251,777</b>
<b>Less:</b>	
Non Current adjustments	(\$192,420)
<b>Adjusted Closing Funds - Surplus</b>	<b>\$75,059,357</b>