



City of Joondalup

Financial Activity Statement for the
Period Ended 31 January 2012

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City of Joondalup
Financial Activity Statement
for the period ended 31 January 2012

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(74,339,858)	(74,206,558)	(74,352,362)	145,804	0%
Grants and Subsidies		(3,077,873)	(1,580,830)	(1,587,061)	6,231	0%
Contributions Reimbursements and Donations	1	(2,040,474)	(1,205,047)	(1,998,017)	792,970	66%
Profit on Asset Disposals		(77,740)	(72,432)	(36,302)	(36,130)	(50)%
Fees and Charges		(31,887,890)	(26,191,944)	(26,268,726)	76,782	0%
Investment Earnings	2	(4,563,005)	(2,808,394)	(3,601,014)	792,620	28%
Other Revenue/Income	3	(138,000)	(73,000)	(225,791)	152,791	209%
Total Operating Revenue		(116,124,840)	(106,138,205)	(108,069,273)	1,931,068	2%
OPERATING EXPENSES						
Employee Costs	4	48,980,352	29,341,137	28,498,160	842,977	3%
Materials and Contracts	5	43,085,906	25,925,929	23,820,630	2,105,299	8%
Utilities (gas, electricity, water etc.)		5,520,852	3,244,129	3,150,936	93,193	3%
Depreciation of Non-Current Assets		22,728,447	13,293,570	13,326,536	(32,966)	(0)%
Loss on Asset Disposal		132,503	69,666	37,379	32,287	46%
Interest Expenses		675,602	403,565	402,181	1,384	0%
Insurance Expenses		1,364,907	1,359,414	1,340,176	19,238	1%
Total Operating Expenses		122,488,569	73,637,410	70,575,998	3,061,412	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,363,729	(32,500,795)	(37,493,275)	4,992,480	15%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(22,728,447)	(13,293,570)	(13,326,536)	32,966	0%
Loss on Asset Disposal		(132,503)	(69,666)	(37,379)	(32,287)	(46)%
Profit on Asset Disposals		77,740	72,432	36,302	36,130	(50)%
OPERATING CASH (SURPLUS)/DEFICIT		(16,419,481)	(45,791,599)	(50,820,888)	5,029,289	11%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	6	(5,557,800)	(2,423,567)	(2,948,286)	524,719	22%
Capital Contributions		(10,000)	(10,000)	-	(10,000)	(100)%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
Total Non-Operating Revenue		(6,967,800)	(2,433,567)	(2,948,286)	514,719	21%
CAPITAL EXPENDITURE						
Capital Projects	7	3,545,461	2,258,939	747,738	1,511,201	67%
Capital Works	8	22,831,728	8,766,314	6,674,611	2,091,703	24%
Motor Vehicle Replacements	9	2,825,999	1,786,999	819,694	967,305	54%
Loan Repayment Principal		1,479,763	752,491	752,491	-	0%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		30,682,951	13,564,743	8,994,534	4,570,209	34%
CAPITAL (SURPLUS)/DEFICIT		23,715,151	11,131,176	6,046,248	5,084,928	46%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		7,295,670	(34,660,423)	(44,774,640)	10,114,217	29%
FUNDING						
Proceeds from Disposal		(724,100)	(362,050)	(125,756)	(236,294)	(65)%
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%
CLOSING FUNDS	10	(13,962)	(37,068,590)	(47,887,865)	10,819,275	29%



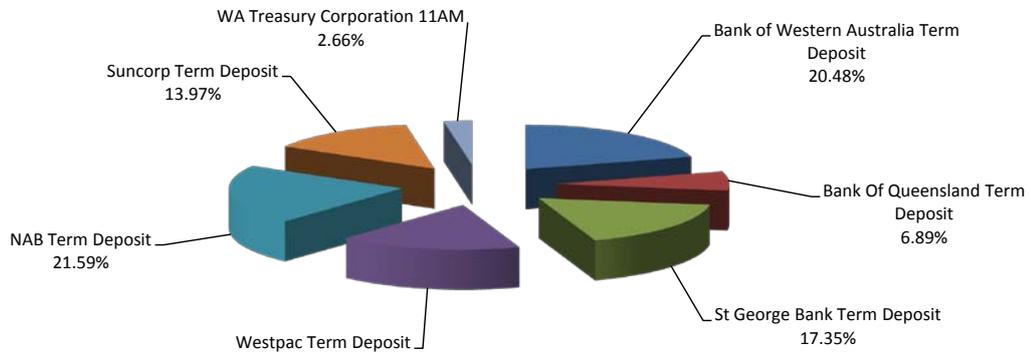
Investment Summary

CITY OF JOONDALUP
January-12

Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
AA-	A-1+	Bank of Western Australia Term Deposit	5.87%	5.89%	\$ 21,250,000	20.48%	20%
BBB+	A-2	Bank Of Queensland Term Deposit	6.04%	6.12%	\$ 7,150,000	6.89%	10%
AA-	A-1+	St George Bank Term Deposit	5.87%	5.96%	\$ 18,000,000	17.35%	20%
AA-	A-1+	Westpac Term Deposit	5.88%	5.97%	\$ 17,700,000	17.06%	20%
AA-	A-1+	NAB Term Deposit	5.81%	5.91%	\$ 22,400,000	21.59%	20%
A+	A-1	Suncorp Term Deposit	5.97%	6.02%	\$ 14,500,000	13.97%	15%
A-1+	AAA	WA Treasury Corporation 11AM	4.20%	4.53%	\$ 2,758,000	2.66%	20%
A	A-1	Macquarie Term Deposit	0.00%	0.00%	\$ -	0.00%	15%
AA	A-1+	Commonwealth Bank Term Deposit	0.00%	0.00%	\$ -	0.00%	20%
Total Investment Portfolio			5.86%	5.92%	103,758,000	100.00%	

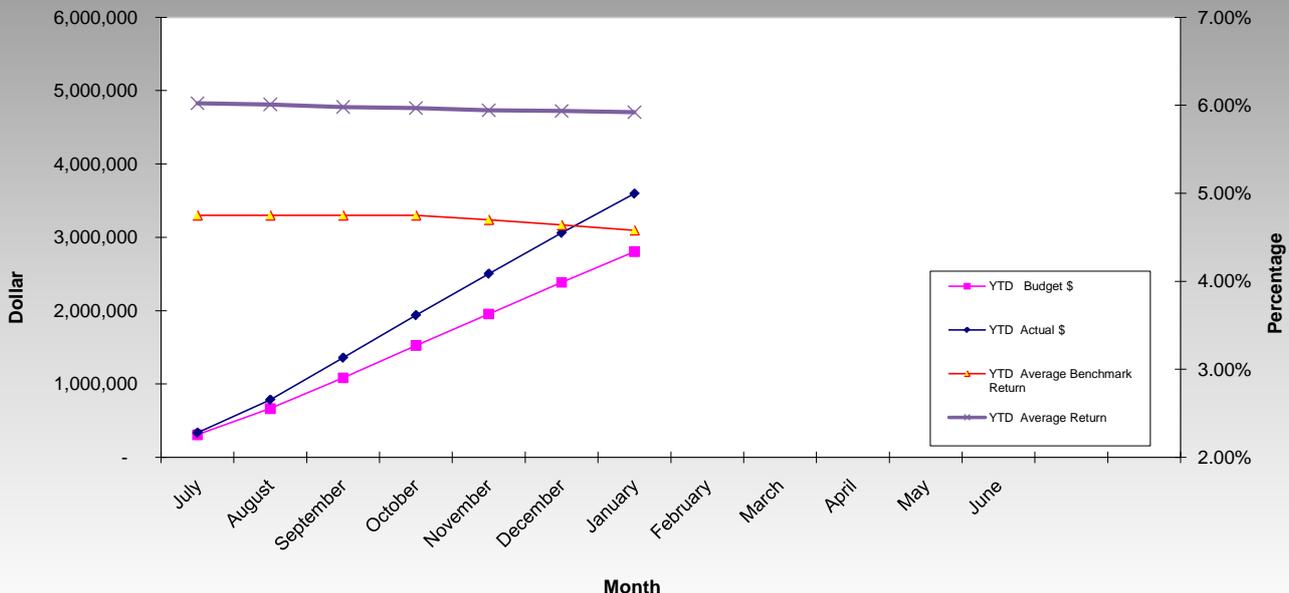
Municipal Funds	55,603,406
Reserve Funds	48,154,594
	103,758,000

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%
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%
October	440,016	579,807	1,524,522	1,937,397	4.75%	5.97%
November	429,181	565,746	1,953,703	2,503,143	4.70%	5.94%
December	431,871	556,767	2,385,574	3,059,910	4.64%	5.94%
January	419,906	534,637	2,805,480	3,594,548	4.58%	5.92%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 JANUARY 2012

1. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$772,029	\$1,129,903	\$357,874
b) Other Contributions, Reimbursements & Donations	\$433,018	\$868,114	\$435,096
	<u>\$1,205,047</u>	<u>\$1,998,017</u>	<u>\$792,970</u>

a) Revenue received in the current year in respect of the prior year exceeded the previous year-end revenue accrual by \$121,898. Income for this financial year is \$235,976 above the original budget estimates.

b) This favourable variance comprises mainly of unbudgeted insurance reimbursements of \$358,695 including \$251,635 to repair storm damage to the roof of the Mullaloo Surf Life Saving Club. There were also favourable timing variances of \$62,427 for sponsorship of various events including the Valentines Concert and Joondalup Festival and \$22,573 for the WALGA advertising rebate. The balance of the variance is spread across a number of areas.

2. Investment Earnings

Investment income exceeded budget by \$792,620 as the volume of funds invested is higher than budgeted.

3. Other Revenue / Income

	YTD Adopted Budget	YTD Actual	Variance
a) Discounts Received	\$28,000	\$111,106	\$83,106
b) Adshell – Advertising	\$45,000	\$106,355	\$61,355
Other variances - not material	-	\$8,330	\$8,330
	<u>\$73,000</u>	<u>\$225,791</u>	<u>\$152,791</u>

a) Unbudgeted insurance discount of \$100,838 was received from the Local Government Insurance Scheme. The discount received on early settlement of supplier invoices is (\$17,732) below budget.

b) This variance includes \$27,436 revenue received this year relating to advertising during the last quarter of the previous financial year and \$27,500 for the second quarter revenue for 2011/12 that has been duplicated and will be corrected in February 2012.



4. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$27,217,521	\$26,316,809	\$900,712
b) Other Employment Costs	\$2,123,616	\$2,181,351	(\$57,735)
	<u>\$29,341,137</u>	<u>\$28,498,160</u>	<u>\$842,977</u>

a) This favourable variance is predominantly due to vacancies and savings in a number of areas but primarily in Infrastructure Services \$614,788 and Planning & Development \$416,008, and is partly offset by an unfavourable variance for the Provision of Employee Leave Entitlements.

b) Other Employment Costs favourable variances include Staff Training \$107,917, Conferences & Seminars \$36,709 and Study Assistance \$30,193. These are offset by unfavourable variances for Staff Recruitment (\$105,281) and Capital Labour Recoveries (\$160,663) as the capital work crew is undertaking more maintenance work instead of capital work in the first half of the year.

5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$962,604	\$751,927	\$210,677
b) Professional Fees & Costs	\$1,471,874	\$869,784	\$602,090
c) Public Relations, Advertising & Promotions	\$682,361	\$415,534	\$266,827
d) Computing	\$999,632	\$820,453	\$179,179
e) Furniture, Equipment and Artworks	\$1,193,704	\$914,905	\$278,799
f) Accommodation & Property	\$643,322	\$517,294	\$126,028
g) Contributions & Donations	\$1,234,030	\$929,638	\$304,392
h) Other Materials	\$966,772	\$761,785	\$204,987
i) Waste Management Services	\$5,430,831	\$5,288,191	\$142,640
j) External Services Expenses	\$10,437,682	\$10,650,803	(\$213,121)
k) Charges and Recoveries	(\$305,650)	(\$95,242)	(\$210,408)
Other Variances - not material	\$2,208,767	\$1,995,558	\$213,209
	<u>\$25,925,929</u>	<u>\$23,820,630</u>	<u>\$2,105,299</u>

a) Expenditure is below budget for Election Costs \$37,139, Photocopying \$18,571 and Stationery \$27,753. The balance of the favourable variance is mainly attributable to the timing of expenditure and is spread across a number of areas including Printing \$42,608, Photography and Video Production \$23,102 and Corporate Membership \$28,621.

b) Consultancy expenditure is \$574,087 below budget and is dependent on the progress made on projects. This includes the Coastal Risk Assessment Study \$100,000, Part B of the Local Commercial Strategy \$69,995, Natural Areas Management Plan \$50,000, Shared Pathway – Burns Beach to Mindarie \$37,250, Workplace Agreement



Reclassification systems \$40,000 and the Coastal Foreshore Management Plan \$40,000 among others.

In addition this includes favourable variances for Research Surveys \$40,000 and Recoverable Legal Expenses \$33,660. Legal costs are (\$47,732) over budget predominantly for advice or representation associated with the new District Planning Scheme, parking and bush fire break prosecutions.

- c) Promotion costs are \$52,691 below budget including \$10,000 relating to the Wildcats event that is not going ahead and \$8,000 for the Sunset Coast brochure. Advertising costs are \$71,795 under budget due to a combination of savings and timing on various publications. The remainder of the variance is predominantly due to budget phasing including Catering \$66,325 and Signage \$45,058.
- d) This is primarily due to favourable timing variances including Microsoft licences required for upgrades \$61,416, various annual Software Maintenance renewals \$14,543 and Software Purchases \$25,090. Data Communication Links and Internet Provider Costs are \$62,584 below budget; this includes a payment made in the prior financial year of \$26,500 that will be compensated for at the Mid Year Budget Review.
- e) Favourable timing variances have occurred for the annual desktop and notebook purchase order \$28,535, waste refuse bins \$91,826 and Equipment Hire \$16,921. Timing variances also occurred for Plant & Equipment maintenance \$31,904 and purchases for Recreation Services \$41,108. Computer maintenance is \$18,821 under budget predominantly due to lower maintenance renewal costs.
- f) This favourable variance includes refuse removal charges for City parks \$21,598 for which City of Wanneroo invoices were allocated to External Contractors and Services and the Works Operations Centre \$31,195 which is due to delays in supplier invoices for January; and Rentals and Outgoings \$42,130, driven by a favourable variance \$26,533 due to a delay in the January invoice for the lease of the Works Operations Centre.
- g) Year to date contributions to the Warwick Leisure Centre are (\$49,615) over budget including final adjustment invoices received in respect of the previous financial year. The Emergency Services Levy on City properties is \$41,399 below budget as a result of a number of Council owned properties that FESA have confirmed will not receive an updated valuation from Landgate until July 2012.

The balance of the variance is mainly a result of timing differences including \$60,000 for the Arena Community Sports and Recreation Association, \$79,431 for Community Sports funding, \$55,000 for Woodvale Waters and \$104,785 for various Sponsorships.

- h) Building Material purchases are \$149,966 below budget, offset by External Contractors who invoice the City in total for work done and material supplied altogether (ref. j below). A favourable timing variance also occurred for Administration Building Works \$28,142.
- i) The Materials Recovery Facility operating costs are \$51,966 below budget. In addition a favourable variance of \$84,807 occurred for domestic, bulk and weekend green waste collection mainly attributable to seasonal variations.



- j) External Contractor Service expenditure for maintenance of the City's buildings and facilities is (\$440,239) over budget due to the replacement of the roof at Mullaloo Surf Life Saving Club (\$251,635), which has been reimbursed by the City's insurers, and the cost of budgeted material purchases being included in contractor combined charges (ref. h) above. The balance of the External Contractor Service variance \$168,855 is predominantly due to favourable timing variances to budget phasing.

Domestic and Bulk Tipping Fees are \$109,877 below budget as a result of lower tonnages collected. The balance of the variance is spread across a number of areas.

- k) Capital Overhead Recoveries are (\$250,649) below budget as the capital work crew is undertaking more maintenance work instead of capital work to date. The balance is primarily due to budget phasing.

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	\$176,000	\$229,797	\$53,797
d) Road Preservation / Resurfacing program	\$2,237,117	\$2,539,214	\$302,097
e) Ocean Reef Marina		\$85,500	\$85,500
Other	\$10,450	-	(\$10,450)
	<u>\$2,423,567</u>	<u>\$2,948,286</u>	<u>\$524,719</u>

- a) The City received an unbudgeted grant of \$49,500 for 50% of the installation cost of a disabled lift facility at the Joondalup Library, 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) Final claims for Blackspot projects \$129,131 were budgeted in the prior financial year, including Marmion Avenue / Hepburn Avenue \$92,000 and Marmion Avenue / Seacrest Drive \$26,000, but were actually received in the current financial year. The second 40% claim for this year's program (\$75,333) is not expected until May for Whitfords Avenue-Eddystone Avenue Traffic Signals and Endeavour Road – Traffic Management as these projects have not commenced.
- d) A favourable timing variance occurred for the Roads to Recovery grant of \$475,482 and the State Local Road Grant is \$70,291 above budget. These are partially offset by an unfavourable variance on the Metro Regional Road Group resurfacing program grant of (\$257,799) as some claims are still outstanding, which are due to be claimed by the end of February.
- e) The City received a grant of \$85,500 from the Recreational Boating Facilities Scheme that was budgeted to be received in the previous financial year.



7. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$1,044,191	\$263,726	\$780,465
b) Upgrade to the Wanneroo Materials Recycling Facility	\$150,000	\$10,307	\$139,693
c) PABX for Disaster Recovery site	\$52,000	-	\$52,000
d) Cafes / Restaurants / Kiosks	\$87,500	\$12,839	\$74,661
e) Grandstand, Sorrento Football Club	\$45,000	-	\$45,000
f) T1 Works & Assets for Building Maintenance	\$50,000	\$3,000	\$47,000
g) Joondalup Performing Arts & Cultural Facility	\$116,666	\$49,069	\$67,597
h) Joondalup City Centre Commercial Office Development	\$58,333	\$17,030	\$41,303
i) Network Infrastructure Upgrade	\$160,000	\$94,225	\$65,775
j) IT Disaster Recovery Facilities	\$149,500	\$40,383	\$109,117
Other Projects – not material	\$345,749	\$257,159	\$88,590
	<u>\$2,258,939</u>	<u>\$747,738</u>	<u>\$1,511,201</u>

- a) Council has endorsed progressing this project based on Concept Plan 7.2. The phasing of expenditure for this project has been amended during the Mid Year Budget review process. The engagement of consultants will increase expenditure over the coming months.
- b) The glass cleaning equipment has been installed at the recycling facility; invoices are expected to be processed over the coming weeks.
- c) The implementation of this project is now expected to be complete by May 2012 due to supplier lead time.
- d) Variance is dependent on the progress of the project as determined by Council and Committee decisions.
- e) The City has asked Sorrento Football Club to submit plans for the spectator seating. Once these plans are approved, the City will release the funds.
- f) This project has been delayed due to the unplanned Tech One system upgrade that is scheduled for February 2012.
- g) This favourable variance is the result of delays in the appointment of consultants. It is anticipated that consultants will be appointed in March to undertake market analysis and feasibility studies.



- h) Progress on this project is subject to further direction. A review of the current project plan and strategy is being prepared for consideration.
- i) & j) Work on these projects is progressing behind budget phasing.

8. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$2,742,553	\$2,271,634	\$470,919
b) Stormwater Drainage Program	\$345,000	\$69,957	\$275,043
c) Parks Equipment Program	\$1,101,135	\$990,569	\$110,566
d) Parks Development Program	\$746,000	\$602,219	\$143,781
e) Major Road Construction Program	\$500,000	\$196,811	\$303,189
f) Major Projects Program	\$300,000	\$48,778	\$251,222
g) Building Capital Works Program	\$1,261,497	\$692,024	\$569,473
Other Works variances - not material	\$1,770,129	\$1,802,619	(\$32,490)
	<u>\$8,766,314</u>	<u>\$6,674,611</u>	<u>\$2,091,703</u>

- a) The Road Preservation & Resurfacing Program is progressing and a number of projects have been completed. The variance is due to delays in invoicing by contractors.
- b) The Stormwater Drainage program is experiencing delays causing favourable variances, including Mirror Park \$99,984, Waterford Drive Flood Mitigation \$90,000 and Craigie sump improvement \$50,000 that are expected to be completed in the coming months.
- c) Favourable timing variances occurred on Tennis Court resurfacing projects \$77,239 that are currently in progress or scheduled to be completed by June 2012. Percy Doyle and Sir James McCusker Park Barbeque Projects have been withdrawn from the capital works program resulting in a \$44,000 variance. Further delays with the Shade Structure Program have caused a variance of \$42,078. An additional favourable variance of \$83,333 is caused by Ocean Reef Skate Park which is not due to be completed until the next financial year.
- d) This favourable variance predominantly relates to Kingsley Park \$175,744 that is anticipated to be completed by June. The balance of the variance is due to projects progressing ahead of the original schedule and invoices that are yet to be submitted to the City.
- e) This unfavourable variance includes expenditure on Moore Drive / Connolly Drive (\$168,431) which is funded by money brought forward from the previous financial year.
- f) This variance is predominantly due to the Currambine Community Centre \$214,201 which is currently in the design phase and Jack Kikeros Hall \$49,933. Both these projects will not be completed until the next financial year.



- g) This variance is primarily due to timing and mainly comprises Joondalup Library Photo Voltaic Panels \$200,000 which has experienced delays and will not be completed until the end of June. Rob Baddock Community Hall refurbishment \$127,898 and Craigie Leisure Centre Fire Indicator Panel \$91,138 are not expected to be completed until the end of June.

9. Motor Vehicle Replacements

Unfavourable variances occurred for fleet purchases of (\$389,474) which were budgeted for in the previous financial year. This variance also includes favourable timing variances to budget of \$1,341,961, with a number of items on order or still being considered, and savings to budget of \$14,818.



10. Closing Funds

	Actual
Current Assets	
Cash Assets	\$103,841,512
Rates and Sundry Debtors	\$11,677,117
GST Receivable	\$557,990
Accrued Income	\$1,493,293
Advances and Prepayments	\$659,926
	\$118,229,838
Less: Current Liabilities	
Creditors	(\$737,837)
Sundry Payables	(\$6,008,006)
Provisions - Annual Leave	(\$3,156,063)
Provisions - Other	(\$5,560,046)
Accrued Expenses	(\$4,502,078)
Income in Advance	-
Borrowings	(\$727,271)
GST Payable	(\$123,704)
	(\$20,815,005)
Net Current Assets	\$97,414,833
Less: Borrowings	(\$752,491)
Less: Restricted Assets	(\$48,565,352)
Closing Funds - Surplus	\$48,096,990
Less:	
Non Current adjustments	(\$209,125)
Adjusted Closing Funds - Surplus	\$47,887,865