



City of Joondalup

Financial Activity Statement for the
Period Ended 31 March 2012

Contents

Appendix

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

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(74,324,119)	(74,310,419)	(74,463,225)	152,806	0%
Grants and Subsidies	1	(3,228,940)	(2,395,996)	(2,255,499)	(140,497)	(6)%
Contributions Reimbursements and Donations	2	(2,741,133)	(2,329,250)	(2,133,275)	(195,975)	(8)%
Profit on Asset Disposals	3	(111,115)	(100,577)	(43,220)	(57,357)	(57)%
Fees and Charges		(31,790,619)	(28,469,311)	(28,726,781)	257,470	1%
Investment Earnings		(5,470,132)	(4,471,864)	(4,580,701)	108,837	2%
Other Revenue/Income		(208,080)	(183,068)	(208,906)	25,838	14%
Total Operating Revenue		(117,874,138)	(112,260,485)	(112,411,607)	151,122	0%
OPERATING EXPENSES						
Employee Costs	4	49,113,097	37,157,660	36,388,107	769,553	2%
Materials and Contracts	5	44,182,414	32,764,772	30,843,757	1,921,015	6%
Utilities (gas, electricity, water etc.)		5,533,040	4,074,593	4,067,533	7,060	0%
Depreciation of Non-Current Assets		22,760,376	17,091,424	17,102,812	(11,388)	(0)%
Loss on Asset Disposal	3	148,505	139,697	49,080	90,617	65%
Interest Expenses		675,101	514,140	509,189	4,951	1%
Insurance Expenses		1,342,161	1,339,315	1,343,994	(4,679)	(0)%
Total Operating Expenses		123,754,694	93,081,601	90,304,472	2,777,129	3%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,880,556	(19,178,884)	(22,107,135)	2,928,251	15%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(22,760,376)	(17,091,424)	(17,102,812)	11,388	0%
Loss on Asset Disposal		(148,505)	(139,697)	(49,080)	(90,617)	(65)%
Profit on Asset Disposals		111,115	100,577	43,220	57,357	(57)%
OPERATING CASH (SURPLUS)/DEFICIT		(16,917,209)	(36,309,428)	(39,215,807)	2,906,379	8%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	6	(6,477,471)	(3,368,450)	(3,222,660)	(145,790)	(4)%
Capital Contributions		(22,375)	-	-	-	0%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
Total Non-Operating Revenue		(7,899,846)	(3,368,450)	(3,222,660)	(145,790)	(4)%
CAPITAL EXPENDITURE						
Capital Projects	7	2,346,368	1,451,107	904,357	546,750	38%
Capital Works	8	23,983,685	11,968,780	9,711,268	2,257,512	19%
Motor Vehicle Replacements	9	3,174,146	2,174,146	1,610,019	564,127	26%
Loan Repayment Principal		1,479,763	1,101,984	1,101,984	(0)	(0)%
Equity Investments		34,000	-	-	-	-
Total Capital Expenditure		31,017,962	16,696,017	13,327,628	3,368,389	20%
CAPITAL (SURPLUS)/DEFICIT		23,118,116	13,327,567	10,104,968	3,222,599	24%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		6,200,906	(22,981,861)	(29,110,839)	6,128,978	27%
FUNDING						
Proceeds from Disposal	3	(774,906)	(538,256)	(163,801)	(374,455)	(70)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		-	-	(141,400)	-	(100)%
Transfer from Reserve		(9,943,896)	-	-	-	0%
Transfer to Reserve		6,103,953	-	-	-	0%
Transfer to Accumulated Surplus		1,400,000	-	-	-	0%
Opening Funds		(2,987,469)	(2,987,469)	(3,019,295)	31,826	1%
CLOSING FUNDS	10	(1,412)	(26,507,586)	(32,435,335)	5,786,349	22%

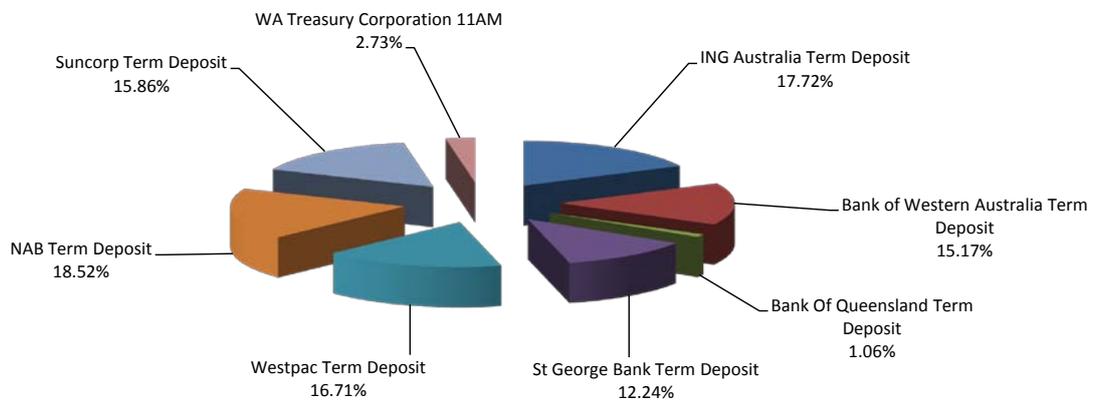


Investment Summary

CITY OF JOONDALUP
March-12

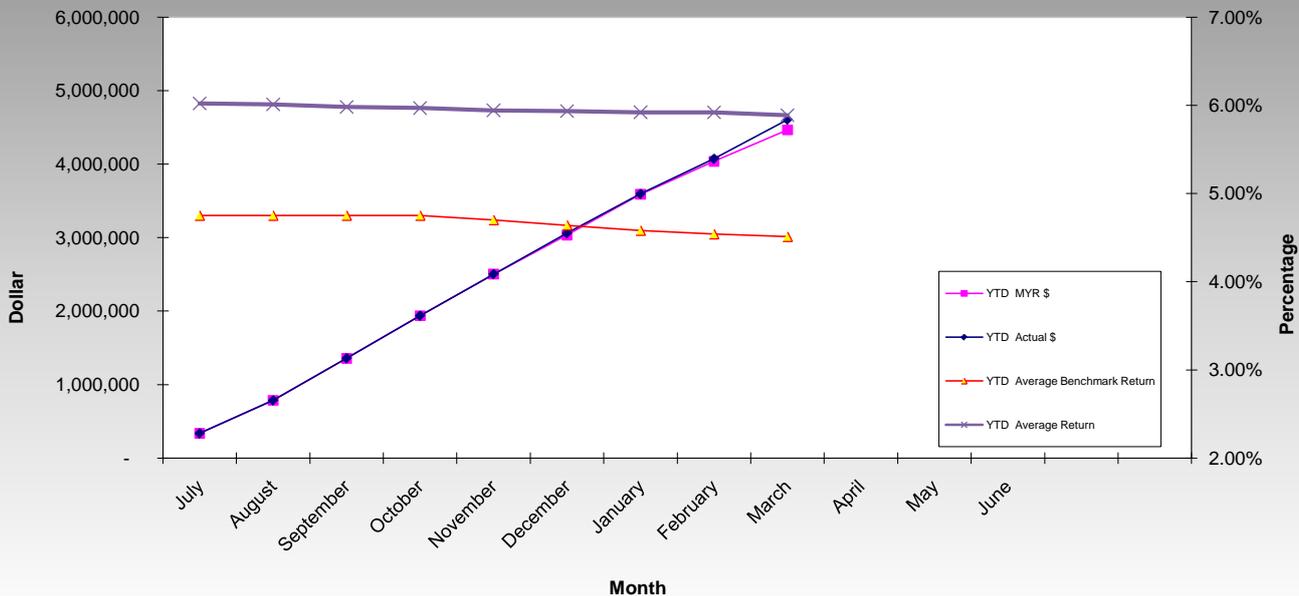
Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A	A-1	ING Australia Term Deposit	6.00%	5.32%	\$ 16,650,000	17.72%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.83%	6.14%	\$ 14,250,000	15.17%	20%
BBB+	A-2	Bank Of Queensland Term Deposit	5.96%	6.11%	\$ 1,000,000	1.06%	0%
AA-	A-1+	St George Bank Term Deposit	5.81%	5.71%	\$ 11,500,000	12.24%	20%
AA-	A-1+	Westpac Term Deposit	5.83%	5.94%	\$ 15,700,000	16.71%	20%
AA-	A-1+	NAB Term Deposit	5.79%	5.88%	\$ 17,400,000	18.52%	20%
A+	A-1	Suncorp Term Deposit	5.95%	6.00%	\$ 14,900,000	15.86%	15%
A-1+	AAA	WA Treasury Corporation 11AM	4.20%	4.46%	\$ 2,563,000	2.73%	20%
Total Investment Portfolio			6.19%	5.89%	\$93,963,000	100.00%	
Municipal Funds					45,597,223		
Reserve Funds					48,365,777		
					93,963,000		

City of Joondalup - Investment Balances



Month	MTD MYR \$	MTD Actual \$	YTD MYR \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	336,133	336,115	336,133	336,115	4.75%	6.02%
August	448,736	448,605	784,869	784,720	4.75%	6.01%
September	572,893	572,870	1,357,762	1,357,590	4.75%	5.98%
October	579,857	579,807	1,937,619	1,937,397	4.75%	5.97%
November	565,747	565,746	2,503,366	2,503,143	4.70%	5.94%
December	530,843	556,767	3,034,209	3,059,910	4.64%	5.94%
January	555,537	534,637	3,589,746	3,594,548	4.58%	5.92%
February	447,615	478,108	4,037,361	4,072,656	4.54%	5.92%
March	428,320	532,199	4,465,681	4,604,854	4.51%	5.89%

Return on Investments



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

1. Grants & Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) State General Purpose Assistance Grant	\$150,000	-	(\$150,000)
Other Grants & Subsidies	\$2,245,996	\$2,255,499	\$9,503
	<u>\$2,395,996</u>	<u>\$2,255,499</u>	<u>(\$140,497)</u>

a) The State General Purpose Assistance Grant is below budget caused by \$150,000 received as a capital grant but budgeted as operating revenue.

2. Contributions, Reimbursements and Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclable Materials	\$1,376,552	\$1,201,936	(\$174,616)
b) Other Contributions, Reimbursements and Donations	\$952,698	\$931,339	(\$21,359)
	<u>\$2,329,250</u>	<u>\$2,133,275</u>	<u>(\$195,975)</u>

a) Recyclable revenue received is below budget estimates for the period.

b) A favourable timing variance of \$27,427 arose for event Sponsorship. This is offset by Utility charges to occupants of City buildings which is (\$34,907) below budget and (\$20,330) reimbursement from the City of Wanneroo for a shared Club Development Officer that is yet to be received. The balance of the variance is spread across a number of areas.

3. Asset Disposals

These variances are mainly due to the actual disposal of assets occurring later than estimated in the budget.

4. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$34,855,335	\$34,038,358	\$816,977
b) Other Employment Costs	\$2,302,325	\$2,349,749	(\$47,424)
	<u>\$37,157,660</u>	<u>\$36,388,107</u>	<u>\$769,553</u>

- a) This favourable variance is predominantly due to vacancies and savings in a number of areas totalling \$852,136 offset by an unfavourable variance in the Provision for Employee Leave Entitlements to the extent of (\$35,159).
- b) This variance includes unfavourable variances for Agency Employees (\$66,943) used to cover vacant positions and Capital Labour Recoveries (\$47,089) due to less use of internal labour on capital work, offset by Staff Training costs which are \$63,379 below budget.

5. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$1,067,050	\$928,237	\$138,813
b) Professional Fees & Costs	\$1,263,368	\$1,185,839	\$77,529
c) Public Relations, Advertising & Promotions	\$827,773	\$582,616	\$245,157
d) Computing	\$1,062,310	\$920,368	\$141,942
e) Furniture, Equipment and Artworks	\$1,590,092	\$1,276,053	\$314,039
f) Accommodation & Property	\$775,569	\$575,838	\$199,731
g) Contributions & Donations	\$1,518,485	\$1,169,872	\$348,613
h) Other Materials	\$1,159,019	\$985,683	\$173,336
i) Waste Management Services	\$6,919,624	\$7,057,525	(\$137,901)
j) External Services Expenses	\$14,201,066	\$13,800,064	\$401,002
k) Elected Member Costs	\$294,503	\$222,741	\$71,762
l) Charges and Recoveries	(\$242,416)	(\$175,001)	(\$67,415)
Other Variances - not material	\$2,328,329	\$2,313,922	\$14,407
	<u>\$32,764,772</u>	<u>\$30,843,757</u>	<u>\$1,921,015</u>

- a) The favourable variance is primarily attributable to Election Costs \$40,251, Printing \$66,317, Photography and Video Production \$17,814 and Stationery \$12,421.
- b) Expenditure for the Small Business Survey conducted by Edith Cowan University \$33,041 has been charged to Contributions in error, this will be corrected in April 2012. Legal expenses for the City are also \$33,236 below budget spread across a number of areas.
- c) Advertising costs are \$53,804 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 Promotions \$93,521, Catering \$49,876 and Signage \$26,253.
- d) This is largely due to favourable timing variances including Microsoft licences required for upgrades \$48,168 and various annual Software Maintenance renewals \$59,199 due to be paid this financial year.
- e) The favourable variance is primarily due to Plant & Equipment Purchases (minor) \$141,410 mainly due to delays in the procurement of waste collection bins and Computer Purchases (minor) \$70,804 spread across the City. Timing variances also occurred for Plant & Equipment maintenance including Parking Ticket Machines \$47,900, CCTV equipment \$15,113 and Leisure Centre equipment \$18,202.

- f) This favourable variance includes \$133,548 of an incorrect adjustment to Rental and Outgoings in respect of the Works Operations Centre. This transaction will be rectified in April 2012. In addition Refuse Removal charges are \$50,675 below budget.
- g) Year to date contributions are below budget for the Joondalup CAT bus service \$11,967, Sports Club Development \$70,293, Woodvale Waters \$31,429, Warwick Leisure Centre \$20,983, Yellagonga ICM Project \$22,000 and the Environmental Education program \$15,000. Favourable variances also arose for various Sponsorships \$108,260 and Sports Clubs Donations \$64,141, which are expected to be disbursed in the following months.
- h) Material purchases are below budget for Operation Services \$58,631 and Building Maintenance \$84,349. These are offset by an increase in expenditure for External Contractors who invoice the City for labour and materials supplied combined (ref. j below). A favourable timing variance also occurred for Administration Building Works \$28,520.
- i) The Materials Recovery Facility operating costs are \$197,655 below budget. In addition an unfavourable variance of (\$335,557) occurred for domestic, bulk and weekend green waste collection mainly attributable to seasonal variations.
- j) External Contractor Service expenditure for the City is \$337,703 below budget. This includes a favourable variance for Graffiti Removal \$111,310. Other favourable variances arose in a number of areas including Capital Works Programming \$71,177, Economic Development \$43,000, Marketing \$41,416, City Watch \$22,937 and Information Technology \$24,320, these are partially offset by the cost of budgeted material purchases being included in contractor combined charges (ref. h) above.

Other favourable variances arose for Program Activities \$134,194, Production Costs \$14,618, Pest Control \$18,560 and Poundage Fees \$9,989. These are offset by an unfavourable variance for Domestic and Bulk Tipping Fees (\$126,119) as a result of higher tonnages collected. The balance of the variance is spread across a number of areas.

- k) To date Elected Member Conference and Training Expenses are \$61,190 below budget, expenditure for some interstate conferences will be incurred in the upcoming months.
- l) Capital Overhead Recoveries are (\$91,383) 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 Revised Budget	YTD Actual	Variance
a) Blackspot Projects	\$325,918	\$223,763	(\$102,155)
b) Road Preservation / Resurfacing program	\$2,912,758	\$2,869,122	(\$43,636)
Other	\$129,774	\$129,775	\$1
	<u>\$3,368,450</u>	<u>\$3,222,660</u>	<u>(\$145,790)</u>

- a) This variance includes the completed construction of a roundabout at Craigie Drive / Haddington Street for which the final 40% grant of \$82,021 has not yet been claimed.
- b) This is driven primarily by Metro Regional Road Group Grants (\$104,526) and Roads to Recovery Grants (\$44,543), offset by a favourable variance on State Local Road Grants of \$105,433, the result of capital grants included in the operating revenue budget.

7. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$435,035	\$305,049	\$129,986
b) Grandstand, Sorrento Football Club	\$45,000	-	\$45,000
c) Joondalup Performing Arts & Cultural Facility	\$150,417	\$58,825	\$91,592
d) Materials Recovery Facility upgrade	\$149,667	\$14,957	\$134,710
e) Public Art	\$50,000	-	\$50,000
Other Projects – not material	\$620,988	\$525,526	\$95,462
	<u>\$1,451,107</u>	<u>\$904,357</u>	<u>\$546,750</u>

- a) Council has endorsed this project based on Concept Plan 7.2. Project expenditure is progressing and will increase during the future periods.
- b) The City has asked Sorrento Football Club to submit plans for the spectator seating. Once the design and construction documentation is approved, the City will release the funds.
- c) Consultants have been engaged to undertake the Feasibility Study and Market Analysis for this project and are yet to complete their assignment.
- d) The glass cleaning facility upgrade is complete and operational, invoices are still being finalised by the contractor.
- e) Delays have been experienced in progressing this project and the \$50,000 is to be carried forward to the next financial year.

8. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,679,922	\$3,251,115	\$428,807
b) Stormwater Drainage Program	\$501,348	\$140,242	\$361,106
c) Paths Program	\$715,176	\$398,656	\$316,520
d) Streetscape Enhancement Program	\$1,091,974	\$964,522	\$127,452
e) Traffic Management Program	\$1,299,464	\$822,941	\$476,523
f) Parks Equipment Program	\$1,366,717	\$1,049,308	\$317,409
g) Foreshore & Natural Areas Program	\$437,778	\$343,426	\$94,352
Other Works variances - not material	\$2,876,401	\$2,741,058	\$135,343
	<u>\$11,968,780</u>	<u>\$9,711,268</u>	<u>\$2,257,512</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 including Mirror Park \$162,218, Waterford Drive Flood Mitigation \$89,910, Periwinkle Park \$67,289 and Craigie sump improvement \$50,000 that are expected to be completed in the coming months.
- c) The Paths Replacement Program has been completed with only a few outstanding invoices remaining. The New Paths Program has favourable timing variances due to revised dates for Kean's Avenue \$14,150 and Bankhurst Way \$34,000 that are both expected to be completed by the end of April and Lakeway Drive \$200,026 expected to be completed in May. Hepburn Avenue new path has been withdrawn creating a variance of \$46,600.

The Disability Access for Public Transport has a favourable variance of \$30,000 with the project to be completed by the end of June.

- d) This variance is mainly attributable to the East West Arterial Road intersection project \$85,714. The project is on track for completion by the end of June.
- e) Craigie Drive / Haddington Street is complete and awaiting final invoices \$65,392. Other favourable variances arose on projects that are progressing behind budget schedule including Regatta Drive \$61,618, Illyarine / Tuart Road \$25,000, the Upgrade of Lane 1 Sorrento between Ross Street and Clontarf Street \$86,865 and Marmion Avenue / Whitfords Avenue \$69,882.
- f) Tennis Court Resurfacing has a variance of \$54,627 and the project is now complete. Flood Light and Pole replacement and the Shade Structure Program will be carried forward into 2012/2013 causing a variance of \$120,280 and \$40,978 respectively.
- g) The North Mullaloo viewing platform is in the final stages of completion with a variance of \$54,062 pending receipt of outstanding invoices. Invoices for completed

fencing projects at Callander Park \$17,000 and Mullaloo Beach Foreshore \$11,016 are also yet to be received.

9. Motor Vehicle Replacements

This favourable variance is due to timing differences to budget. Orders totalling \$562,716 have been placed and are scheduled for delivery over the coming months.

10. Closing Funds

	June 2011	March 2012
Current Assets		
Cash Assets	\$66,889,699	\$93,857,799
Rates and Sundry Debtors	\$2,835,602	\$1,476,366
GST Receivable	\$871,475	\$518,502
Accrued Income	\$1,127,694	\$1,322,199
Advances and Prepayments	\$938,303	\$649,359
	\$72,662,773	\$97,824,225
Less: Current Liabilities		
Creditors	(\$5,007,309)	(\$358,203)
Sundry Payables	(\$243,257)	(\$1,732,362)
Provisions - Annual Leave	(\$3,026,905)	(\$3,320,915)
Provisions - Other	(\$4,849,904)	(\$5,579,066)
Accrued Expenses	(\$5,314,529)	(\$4,114,014)
Income in Advance	(\$1,020,183)	-
Borrowings	(\$1,479,763)	(\$377,778)
GST Payable	(\$225,176)	(\$68,602)
	(\$21,167,026)	(\$15,550,940)
Net Current Assets	\$51,495,747	\$82,273,285
Add: Borrowings	\$1,479,763	\$377,778
Less: Reserves	(\$48,526,878)	(\$48,526,878)
Less: Non-current Provision	(\$1,460,326)	(\$1,719,839)
Closing Funds - Surplus	\$2,988,306	\$32,404,346
Add/(less): Other non-current adjustments	\$30,989	\$30,989
Adjusted Closing Funds - Surplus	\$3,019,295	\$32,435,335