



City of Joondalup

Financial Activity Statement for the
Period Ended 31 October 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 October 2011

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(74,339,858)	(74,076,758)	(73,941,039)	(135,719)	(0)%
Grants and Subsidies	1	(3,077,873)	(847,167)	(726,775)	(120,392)	(14)%
Contributions Reimbursements and Donations	2	(2,040,474)	(614,925)	(785,219)	170,294	28%
Profit on Asset Disposals		(77,740)	(1,812)	(35,477)	33,665	1858%
Fees and Charges		(31,887,890)	(22,474,787)	(22,320,795)	(153,992)	(1)%
Investment Earnings	3	(4,563,005)	(1,525,789)	(1,937,619)	411,830	27%
Other Revenue/Income	4	(138,000)	(38,500)	(157,051)	118,551	308%
Total Operating Revenue		(116,124,840)	(99,579,739)	(99,903,975)	324,237	0%
OPERATING EXPENSES						
Employee Costs		48,980,352	17,322,339	17,110,205	212,134	1%
Materials and Contracts	5	43,085,906	15,044,186	12,947,751	2,096,436	14%
Utilities (gas, electricity, water etc.)		5,520,852	1,875,594	1,807,002	68,591	4%
Depreciation of Non-Current Assets		22,728,447	7,601,894	7,633,350	(31,456)	(0)%
Loss on Asset Disposal		132,503	56,203	9,221	46,982	84%
Interest Expenses		675,602	233,760	233,594	166	0%
Insurance Expenses		1,364,907	1,357,960	1,329,825	28,135	2%
Total Operating Expenses		122,488,569	43,491,936	41,070,949	2,420,987	6%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,363,729	(56,087,802)	(58,833,026)	2,745,224	5%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(22,728,447)	(7,601,894)	(7,633,350)	31,456	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%
OPERATING CASH (SURPLUS)/DEFICIT		(16,419,481)	(63,744,087)	(66,440,120)	2,696,033	4%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	6	(5,557,800)	(1,529,883)	(1,668,412)	138,529	9%
Capital Contributions		(10,000)	(10,000)	-	(10,000)	(100)%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
Total Non-Operating Revenue		(6,967,800)	(1,539,883)	(1,668,412)	128,529	8%
CAPITAL EXPENDITURE						
Capital Projects	7	3,545,461	1,132,428	453,776	678,652	60%
Capital Works	8	22,831,728	3,593,221	2,561,841	1,031,380	29%
Motor Vehicle Replacements	9	2,825,999	446,999	328,770	118,229	26%
Loan Repayment Principal		1,479,763	384,850	384,850	(0)	(0)%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		30,682,951	5,557,498	3,729,237	1,828,261	33%
CAPITAL (SURPLUS)/DEFICIT		23,715,151	4,017,615	2,060,825	1,956,790	49%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		7,295,670	(59,726,472)	(64,379,295)	4,652,824	8%
FUNDING						
Proceeds from Disposal		(724,100)	(181,025)	(61,226)	(119,799)	(66)%
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)	(61,953,614)	(67,427,990)	5,474,377	9%

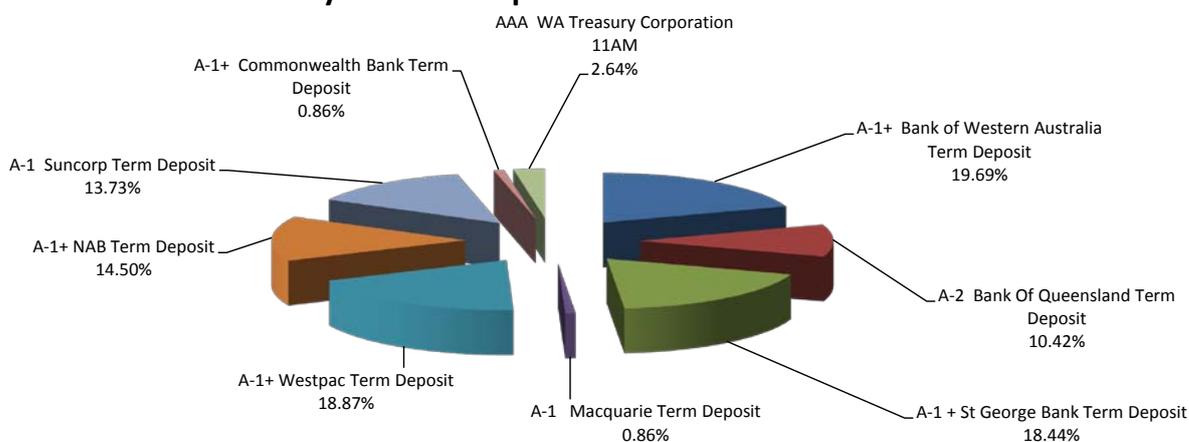


Investment Summary

CITY OF JOONDALUP
October-11

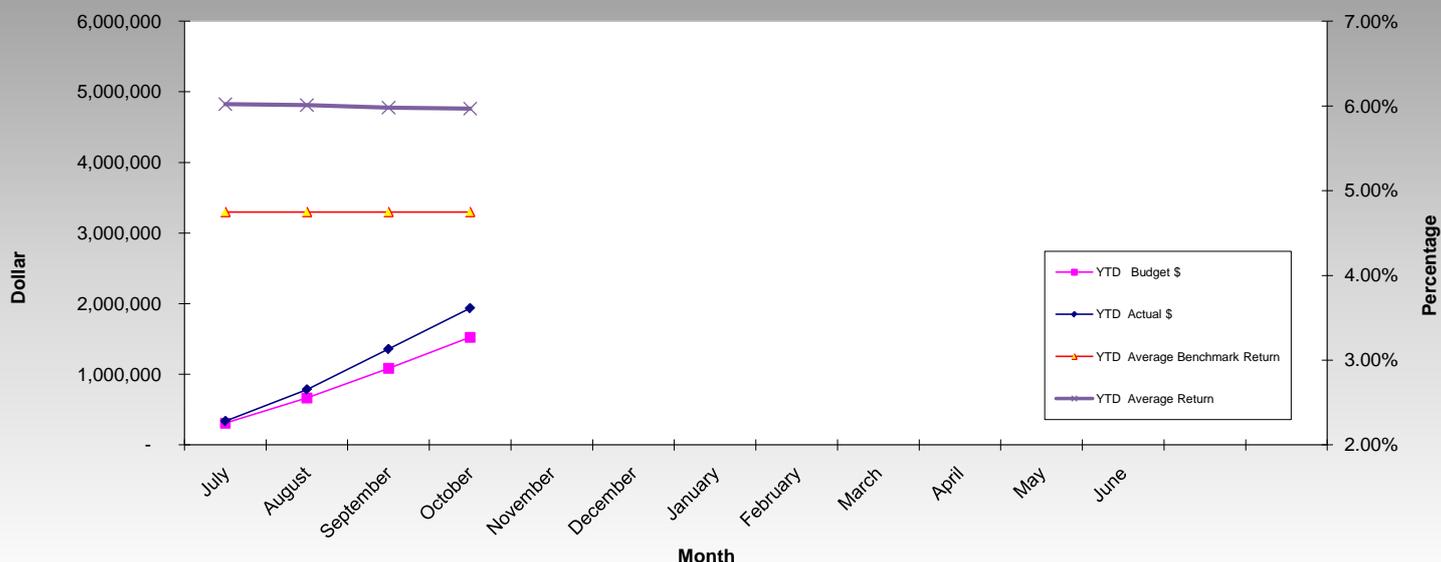
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.89%	5.91%	\$ 22,950,000	19.69%	20%
A-2 Bank Of Queensland Term Deposit	6.11%	6.17%	\$ 12,150,000	10.42%	10%
A-1 + St George Bank Term Deposit	5.97%	6.01%	\$ 21,500,000	18.44%	20%
A-1 Macquarie Term Deposit	6.15%	6.15%	\$ 1,000,000	0.86%	15%
A-1+ Westpac Term Deposit	5.99%	6.00%	\$ 22,000,000	18.87%	20%
A-1+ NAB Term Deposit	5.91%	5.98%	\$ 16,900,000	14.50%	20%
A-1 Suncorp Term Deposit	6.02%	6.08%	\$ 16,000,000	13.73%	15%
A-1+ Commonwealth Bank Term Deposit	6.08%	5.93%	\$ 1,000,000	0.86%	20%
AAA WA Treasury Corporation 11AM	4.70%	4.70%	\$ 3,073,000	2.64%	20%
Total Investment Portfolio	5.94%	5.97%	116,573,000	100.00%	
Municipal Funds			68,341,351		
Reserve Funds			48,231,649		
			116,573,000		

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%

Return on Investments





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

1. Grants & Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State Operating Grants	\$189,518	\$92,919	(\$96,599)
b) Other Grants & Subsidies	\$657,649	\$633,856	(\$23,793)
	<u>\$847,167</u>	<u>\$726,775</u>	<u>(\$120,392)</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.

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	\$428,352	\$552,228	\$123,876
b) Other Contributions, Reimbursements & Donations	\$186,573	\$232,991	\$46,418
	<u>\$614,925</u>	<u>\$785,219</u>	<u>\$170,294</u>

a) Revenue received for the prior year exceeded the accrual by \$121,898.

b) This favourable variance includes unbudgeted insurance reimbursements \$20,926 and an additional rent reimbursement from Mindarie Regional Council \$14,000. A favourable timing variance of \$18,000 occurred for sponsorship of the Valentines Concert.

3. Investment Earnings

Investment income exceeded budget by \$411,830 as the volume of funds invested is higher than budget.



4. Other Revenue / Income

	YTD Adopted Budget	YTD Actual	Variance
a) Discounts Received	\$16,000	\$104,922	\$88,922
b) Adshell – Advertising Rebates received	\$22,500 -	\$50,455 \$1,674	\$27,955 \$1,674
	<u>\$38,500</u>	<u>\$157,051</u>	<u>\$118,551</u>

- a) Unbudgeted insurance discount of \$100,838 was received from the Local Government Insurance Scheme.
- b) This variance includes \$27,436 revenue received this year relating to advertising during the last quarter of the previous financial year.

5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$681,506	\$543,191	\$138,315
b) Professional Fees & Costs	\$939,727	\$559,903	\$379,824
c) Public Relations, Advertising & Promotions	\$381,531	\$203,183	\$178,348
d) Computing	\$779,741	\$597,696	\$182,045
e) Furniture, Equipment and Artworks	\$728,712	\$389,457	\$339,255
f) Accommodation & Property	\$402,261	\$306,633	\$95,628
g) External Service Expenses	\$5,790,151	\$5,319,181	\$470,970
h) Contributions & Donations	\$510,876	\$444,946	\$65,930
i) Other Materials	\$557,382	\$486,907	\$70,475
j) Waste Management Services	\$3,068,684	\$2,873,721	\$194,963
k) Charges and Recoveries	(\$174,657)	(\$29,328)	(\$145,329)
Other Variances - not material	\$1,378,272	\$1,252,261	\$126,011
	<u>\$15,044,186</u>	<u>\$12,947,751</u>	<u>\$2,096,435</u>

- a) This variance includes \$18,461 for the Chamber of Commerce and Industry annual membership 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 \$26,075, Photography and Video Production \$30,948, Photocopying \$17,354 and Stationery \$18,395.
- b) Consultancy expenditure is \$336,235 below budget and is dependant on the progress of projects. This includes Part B of the Local Commercial Strategy \$75,000, Shared Pathway – Burns Beach to Mindarie \$50,000, Coastal Foreshore Management Plan \$40,000 and Youth Festivals \$50,000.

Recoverable Legal expenses are \$80,242 below budget due to a delay in the progressing of legal recovery action for unpaid rates. Fines Enforcement Registry



lodgement fees are (\$19,738) over budget as a result of lodgements carried over from June 2011. A survey of small to medium businesses in Joondalup is now forecast to commence next year generating a favourable timing variance of \$35,000. Legal expenses are (\$62,946) over budget due to higher than budgeted legal advice for Human Resources and Rangers and Parking.

- c) Promotion costs are \$32,331 below budget including \$10,000 relating to the Wildcats event that is not going ahead at the Leisure Centres. The balance of the variance is predominantly due to budget phasing with General Advertising \$64,962 and Catering \$37,835 underspent and the balance is spread across a number of areas due to the timing of various events and promotions.
- d) This is primarily due to favourable timing variances including \$81,500 for Microsoft licences required for upgrades and \$45,828 for various annual Software Maintenance renewals. Data Communication Links and Internet Provider Costs are \$45,993 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 \$179,487 which has now been placed. Computer Equipment maintenance is \$13,848 under budget due to lower maintenance renewal costs.

Plant & Equipment maintenance is below budget \$37,241 for parking machines and \$15,316 for Leisure Centre equipment due to invoices that are yet to be received. Timing variances also occurred for Plant & Equipment purchases \$28,054 for facility projects yet to commence and Leisure Centre equipment \$16,808 that is still to be ordered.

- f) This favourable variance includes Refuse Removal charges \$71,715 for which invoices are yet to be received. In addition Water Rates on City properties are \$15,104 below budget, with no further payments anticipated this year.
- g) External Contractor Service expenditure is over budget for City's Buildings (\$102,632) due to unscheduled maintenance and contractor materials that are budgeted as material purchases (see i) below).

Operation Services contractor costs are \$117,265 below budget mainly as a result of the incorrect phasing of the spraying contractor and delays in the tender for drainage works.

Additional External Contractor Service favourable timing variances occurred for Capital Works Programming investigating and testing \$50,000, Leisure Centre cleaning \$32,042, Information Technology \$43,491 and Cultural Events \$27,178.

Favourable variances also occurred for External Contractor invoices accrued in the previous financial year and are yet to be processed; including Information Technology \$35,409, Traffic Engineering \$11,257 and Waste Management \$18,281.

Tipping Fees (Domestic and Bulk) are \$156,032 below budget due to lower tonnages collected to date than anticipated in the period. Year to date favourable variances also occurred for Graffiti Removal \$54,386 with fewer incidents than budgeted and for



the fire break contractor \$26,763 that will be engaged after the second round of inspections in December.

- h) Year to date contributions to the Warwick Leisure Centre are (\$47,812) over budget including final adjustments for the previous financial year.

The balance of the variance is mainly a result of timing differences including \$60,000 for the Arena Community Sports and Recreation Association, \$69,121 for various Sponsorships including \$26,000 for Constable Care Child Safety Foundation, \$26,701 for the Community Funding Program and \$23,414 for Prizes and Trophies. These are partially offset by contributions for various cricket wickets (\$50,659) paid earlier than budgeted.

- i) Building Material purchases are \$95,467 below budget and is offset by External Contractors who invoice the City in total for work done and material supplied altogether (see g above).

Materials are over budget for Operation Services (\$55,945), mainly due to an increase in the volume of irrigation parts purchased. A favourable timing variance also occurred for Administration Building Works \$35,381.

- j) The Materials Recovery Facility operating costs are \$308,937 below budget due to lower tonnages over the winter period. Domestic, bulk and weekend green waste collection costs are (\$113,974) over budget due to higher tonnages to date.
- k) Capital Recoveries are (\$163,448) below budget as the capital work crew is undertaking maintenance work instead of the budgeted capital work they were expected to undertake.

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	\$1,429,217	\$1,344,840	(\$84,377)
	<u>\$1,529,883</u>	<u>\$1,668,412</u>	<u>(\$138,529)</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 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) Final claims for Blackspot projects 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 August.



- d) This unfavourable variance is mainly attributable to the timing of the Metro Regional Road Group resurfacing program grant (\$117,544) which will be claimed in November.

7. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$596,680	\$238,927	\$357,753
b) Library Management System	\$102,749	\$1,900	\$100,849
c) PABX for Disaster Recovery site	\$52,000	-	\$52,000
d) Cafes / Restaurants / Kiosks	\$50,000	\$2,053	\$47,947
e) Grandstand, Sorrento Football Club	\$45,000	-	\$45,000
Other Projects – not material	\$285,999	\$210,896	\$75,103
	<u>\$1,132,428</u>	<u>\$453,776</u>	<u>\$678,652</u>

- a) Council has endorsed progressing this project based on Concept Plan 7.2. The variance is due to the timing of the project which is behind budget phasing.
- b) Purchase of the Self Serve equipment is forecast to be complete by December 2011.
- c) The actual implementation of this project is forecast to be complete by March 2012.
- d) Site Identification and Assessment is pending submission to a future Strategy Session.
- e) This project is being reconsidered due to changes for the requirement for a grandstand.

8. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,454,117	\$1,005,150	\$448,967
b) Traffic Management Program	\$55,000	\$242,128	(\$187,128)
c) Streetscape Enhancement Program	\$270,000	\$128,666	\$141,334
d) Parks Equipment Program	\$354,743	\$236,985	\$117,758
e) Parking Facility Program	-	\$117,942	(\$117,942)
f) Parks Development Program	\$544,000	\$172,972	\$371,028
g) Major Building Capital Works	\$514,567	\$321,473	\$193,094
h) Major Projects Program	\$120,000	\$5,853	\$114,147
Other Works variances - not material	\$280,794	\$330,672	(\$49,878)
	<u>\$3,593,221</u>	<u>\$2,561,841</u>	<u>\$1,031,380</u>

- a) The Road Preservation & Resurfacing Program is progressing and a number of projects are completed. The variance is due to delays in invoicing by contractors.



- b) Work has started earlier than budget creating an unfavourable timing variance on a number of projects including Hodges Drive & Joondalup Drive Signals upgrade (\$45,950), which is complete, and Craigie Drive / Haddington Street roundabout (\$80,714).
- c) Favourable timing variances have occurred on the Hodges Drive Landscaping project \$22,420 that was completed in October and Burns Beach Landscaping \$116,844 which is progressing.
- d) This program is progressing behind budget phasing. Favourable timing variances occurred on Tennis Court resurfacing and fencing projects \$73,743 which are in progress or scheduled to commence. In addition timing of the installation of softfall and play equipment at Falklands Park and Marri Park created a favourable variance of \$83,499. These projects are to be completed by the end of December.

Unbudgeted expenditure on projects that are funded by money brought forward from the previous financial year total (\$54,830).

- e) This unfavourable variance is due to unbudgeted projects at Emerald Park (\$41,912) and Whitfords Nodes (\$21,295) that are funded by money brought forward from the previous financial year and Iluka Foreshore Reserve carpark lighting (\$54,735) which is progressing ahead of budget phasing.
- f) This favourable variance predominantly relates to Kingsley Park \$266,065 that is anticipated to be completed in June. The balance of the variance is due to projects progressing behind the original schedule and invoices that 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 which have now been completed and solar panels for Joondalup Library \$80,000 that will go to tender in January.

This is offset by unbudgeted expenditure of (\$173,738) associated with the Regional Local Community Infrastructure Projects for solar panels at Penistone Clubrooms, Rob Baddock Community Hall and Connolly Community Centre, funded by money brought forward from the previous financial year.

- h) This variance is predominantly due to the Currambine Community Centre which is currently under design. This project is not expected to be completed this financial year.

9. Motor Vehicle Replacements

Unfavourable variances occurred for fleet purchases of (\$182,588) which were budgeted for in the previous financial year. This variance also includes favourable timing variances to budget of \$291,499 with a number of items on order or still being considered.



10. Closing Funds

	Actual
Current Assets	
Cash Assets	\$116,654,119
Rates and Sundry Debtors	\$23,758,932
GST Receivable	\$520,995
Accrued Income	\$1,503,110
Advances and Prepayments	\$680,509
	\$143,117,665
Less: Current Liabilities	
Creditors	(\$307,085)
Sundry Payables	(\$10,148,656)
Provisions - Annual Leave	(\$3,251,969)
Provisions - Other	(\$5,548,997)
Accrued Expenses	(\$6,073,811)
Income in Advance	-
Borrowings	(\$1,094,912)
GST Payable	(\$99,433)
	(\$26,524,863)
Net Current Assets	\$116,592,802
Less: Borrowings	(\$384,850)
Less: Restricted Assets	(\$48,565,352)
Closing Funds - Surplus	\$67,642,600
Less:	
Non Current adjustments	(\$214,610)
Adjusted Closing Funds - Surplus	\$67,427,990