



City of Joondalup

Financial Activity Statement for the
Period Ended 30 November 2011

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(74,339,858)	(74,099,058)	(74,195,530)	96,472	0%
Grants and Subsidies	1	(3,077,873)	(1,455,071)	(1,397,217)	(57,854)	(4)%
Contributions Reimbursements and Donations	2	(2,040,474)	(828,639)	(1,334,168)	505,530	61%
Profit on Asset Disposals		(77,740)	(1,812)	(36,017)	34,205	1888%
Fees and Charges		(31,887,890)	(23,749,171)	(23,715,376)	(33,795)	(0)%
Investment Earnings	3	(4,563,005)	(1,955,562)	(2,509,549)	553,987	28%
Other Revenue/Income	4	(138,000)	(42,500)	(159,598)	117,098	276%
Total Operating Revenue		(116,124,840)	(102,131,812)	(103,347,456)	1,215,643	1%
OPERATING EXPENSES						
Employee Costs		48,980,352	21,303,762	20,992,358	311,404	1%
Materials and Contracts	5	43,085,906	18,536,151	16,877,118	1,659,033	9%
Utilities (gas, electricity, water etc.)	6	5,520,852	2,326,323	2,221,107	105,216	5%
Depreciation of Non-Current Assets		22,728,447	9,486,351	9,516,417	(30,066)	(0)%
Loss on Asset Disposal		132,503	56,203	16,251	39,952	71%
Interest Expenses		675,602	290,856	289,369	1,487	1%
Insurance Expenses		1,364,907	1,358,538	1,333,281	25,257	2%
Total Operating Expenses		122,488,569	53,358,183	51,245,901	2,112,282	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,363,729	(48,773,629)	(52,101,555)	3,327,925	7%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(22,728,447)	(9,486,351)	(9,516,417)	30,066	0%
Loss on Asset Disposal		(132,503)	(56,203)	(16,251)	(39,952)	(71)%
Profit on Asset Disposals		77,740	1,812	36,017	(34,205)	1888%
OPERATING CASH (SURPLUS)/DEFICIT		(16,419,481)	(58,314,371)	(61,598,205)	3,283,834	6%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(5,557,800)	(1,876,316)	(2,825,635)	949,318	51%
Capital Contributions		(10,000)	(10,000)	-	(10,000)	(100)%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
Total Non-Operating Revenue		(6,967,800)	(1,886,316)	(2,825,635)	939,318	50%
CAPITAL EXPENDITURE						
Capital Projects	8	3,545,461	1,538,598	508,497	1,030,101	67%
Capital Works	9	22,831,728	4,908,767	4,381,502	527,265	11%
Motor Vehicle Replacements	10	2,825,999	446,999	520,968	(73,969)	(17)%
Loan Repayment Principal		1,479,763	540,990	540,990	-	0%
Equity Investments		-	-	-	-	-
Total Capital Expenditure		30,682,951	7,435,354	5,951,957	1,483,397	20%
CAPITAL (SURPLUS)/DEFICIT		23,715,151	5,549,038	3,126,322	2,422,715	44%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		7,295,670	(52,765,334)	(58,471,883)	5,706,549	11%
FUNDING						
Proceeds from Disposal		(724,100)	(181,025)	(68,665)	(112,360)	(62)%
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	11	(13,962)	(54,992,476)	(61,528,017)	6,535,541	12%



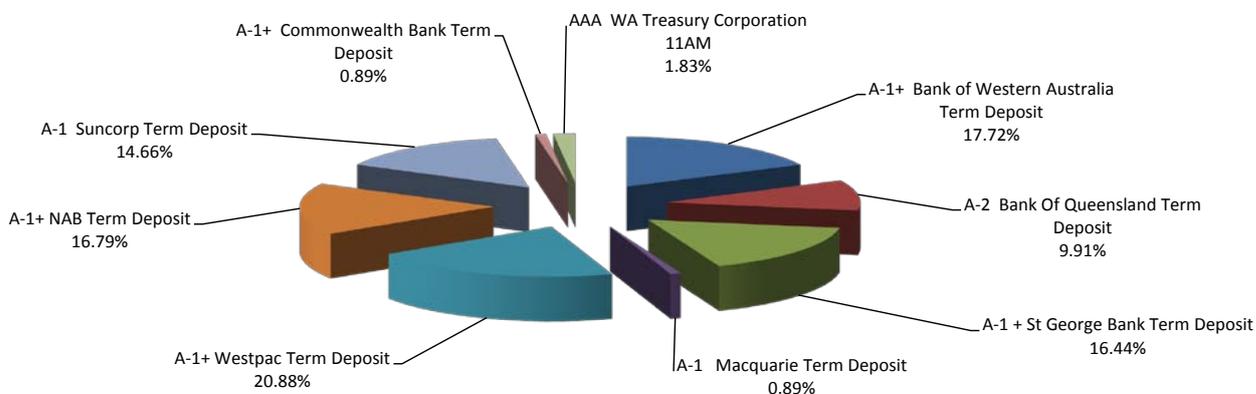
Investment Summary

CITY OF JOONDALUP
November-11

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
A-1+ Bank of Western Australia Term Deposit	5.87%	5.90%	\$ 19,950,000	17.72%	20%
A-2 Bank Of Queensland Term Deposit	6.09%	6.15%	\$ 11,150,000	9.91%	10%
A-1 + St George Bank Term Deposit	5.94%	6.00%	\$ 18,500,000	16.44%	20%
A-1 Macquarie Term Deposit	6.15%	6.15%	\$ 1,000,000	0.89%	15%
A-1+ Westpac Term Deposit	5.95%	5.99%	\$ 23,500,000	20.88%	20%
A-1+ NAB Term Deposit	5.85%	5.96%	\$ 18,900,000	16.79%	20%
A-1 Suncorp Term Deposit	5.95%	6.05%	\$ 16,500,000	14.66%	15%
A-1+ Commonwealth Bank Term Deposit	6.08%	5.94%	\$ 1,000,000	0.89%	20%
AAA WA Treasury Corporation 11AM	4.45%	4.65%	\$ 2,058,000	1.83%	20%
Total Investment Portfolio	5.89%	5.94%	112,558,000	100.00%	

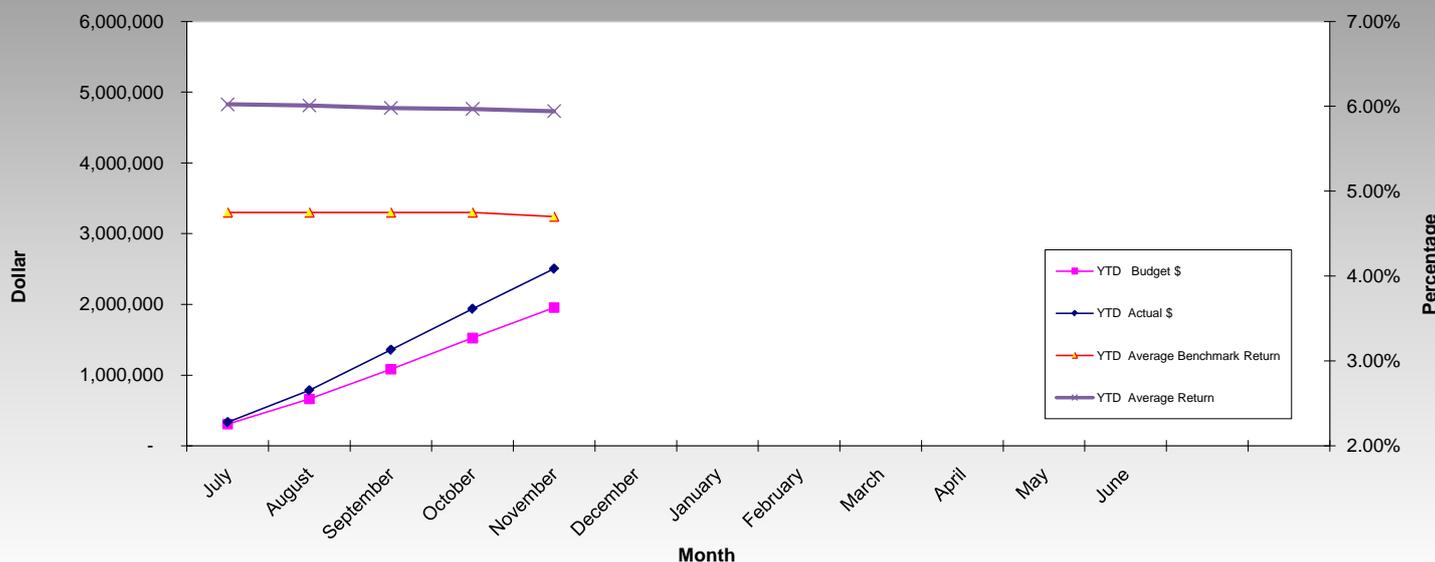
Municipal Funds	64,431,754
Reserve Funds	48,126,246
	112,558,000

City of Joondalup - Investment Balances



Month	MTD		YTD		YTD Average Benchmark Return	YTD Average Return
	Budget \$	Actual \$	Budget \$	Actual \$		
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%

Return on Investments





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

1. Grants & Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) State Operating Grants	\$189,772	\$132,919	(\$56,853)
Other Grants & Subsidies	\$1,265,299	\$1,264,298	(\$1,001)
	<u>\$1,455,071</u>	<u>\$1,397,217</u>	<u>(\$57,854)</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. The City received \$40,000 Emergency Relief funding from Lotterywest earlier than budgeted.

2. Contributions, Reimbursements & Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables Materials	\$542,911	\$887,288	\$344,377
b) Other Contributions, Reimbursements & Donations	\$285,727	\$446,880	\$161,153
	<u>\$828,638</u>	<u>\$1,334,168</u>	<u>\$505,530</u>

- a) Revenue received for the prior year exceeded the accrual by \$121,898. Commodity market prices for the first quarter of the financial year are higher than predicted in the budget. Income has been accrued for October and November based on Septembers known revenue.

- b) This favourable variance comprises mainly of unbudgeted insurance reimbursements of \$97,847 and an additional rent reimbursement from Mindarie Regional Council \$14,000. A favourable timing variance of \$36,000 occurred for sponsorship of the Valentines Concert. The balance of the variance is spread across a number of areas.

3. Investment Earnings

Investment income exceeded budget by \$553,987 as the volume of funds invested is higher than budget.



4. Other Revenue / Income

	YTD Adopted Budget	YTD Actual	Variance
a) Discounts Received	\$20,000	\$107,283	\$87,283
b) Adshell – Advertising Rebates received	\$22,500 -	\$50,455 \$1,860	\$27,955 \$1,860
	<u>\$42,500</u>	<u>\$159,598</u>	<u>\$117,098</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 (\$13,555) below budget.
- 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	\$746,409	\$644,164	\$102,245
b) Professional Fees & Costs	\$1,070,866	\$698,869	\$371,997
c) Public Relations, Advertising & Promotions	\$458,916	\$271,787	\$187,129
d) Computing	\$851,011	\$690,691	\$160,320
e) Furniture, Equipment and Artworks	\$913,103	\$581,613	\$331,490
f) Accommodation & Property	\$488,246	\$391,713	\$96,533
g) Contributions & Donations	\$771,467	\$634,974	\$136,493
h) Other Materials	\$692,118	\$578,646	\$113,472
i) Waste Management Services	\$3,856,066	\$3,690,462	\$165,604
j) External Services Expenses	\$7,272,270	\$7,219,416	\$52,854
k) Charges and Recoveries	(\$218,322)	(\$61,071)	(\$157,251)
Other Variances - not material	\$1,634,001	\$1,535,854	\$98,147
	<u>\$18,536,151</u>	<u>\$16,877,118</u>	<u>\$1,659,033</u>

- a) This favourable variance is mainly attributable to the timing of expenditure and is spread across a number of areas including external Printing \$24,065, Photography and Video Production \$27,940, Photocopying \$15,475 and Stationery \$14,595.
- b) Consultancy expenditure is \$370,691 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 among others.
- c) Promotion costs are \$24,594 below budget including \$10,000 relating to the Wildcats event that is not going ahead at the Leisure Centres. The remainder of the variance is predominantly due to budget phasing with General Advertising \$82,187, Catering \$38,511 and Signage \$22,401 underspent.



- d) This is primarily due to favourable timing variances including \$65,649 for Microsoft licences required for upgrades and \$21,072 for various annual Software Maintenance renewals. Data Communication Links and Internet Provider Costs are \$47,104 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) Favourable timing variances have occurred for the annual Computer Equipment purchase order \$153,790 and Plant & Equipment maintenance and purchases for the Leisure Centres \$26,648 and facility projects \$37,746.

Computer maintenance is \$42,324 under budget partly due to lower maintenance renewal costs and waste refuse bins purchased are \$20,552 below budget. Equipment Hire costs for Cultural events are \$10,887 below budget due to savings on a number of events and \$33,254 resulting from incorrect phasing of budgeted expenditure.

- f) This favourable variance includes Refuse Removal charges \$66,661 for which invoices are yet to be received and Water Rates on City properties that are \$15,537 below budget, with no further payments anticipated this year.
- g) Year to date contributions to the Warwick Leisure Centre are (\$43,522) over budget including final adjustments for the previous financial year. The Emergency Services Levy on City properties is \$49,239 below budget, however the valuations of a number of Council owned properties are still to be received.

The balance of the variance is mainly a result of timing differences including \$60,000 for the Arena Community Sports and Recreation Association and \$65,088 for various Sponsorships.

- h) Building Material purchases are \$110,185 below budget, offset by External Contractors who invoice the City in total for work done and material supplied altogether (see j below). A favourable timing variance also occurred for Administration Building Works \$21,279.
- i) The Materials Recovery Facility operating costs are \$67,342 below budget. In addition a favourable variance of \$98,263 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 (\$417,745) over budget due to the replacement of the roof at Mullaloo Surf Life Saving Club (\$255,000), which is to be reclaimed on insurance. Also due to the cost of budgeted material purchases being included in contractor combined charges, which were budgeted as material purchases (see h) above).

Domestic and Bulk Tipping Fees are \$204,768 below budget as a result of lower tonnages collected over the winter months. The balance of the variance is spread across a number of areas.

- k) Capital Recoveries are (\$185,485) below budget as the capital work crew is undertaking maintenance work instead of the budgeted capital work they were expected to undertake.



6. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$2,159,385	\$2,073,158	\$86,227
b) Gas / Water	\$166,938	\$147,949	\$18,989
	<u>\$2,326,323</u>	<u>\$2,221,107</u>	<u>\$105,216</u>

- a) Electricity costs are below budget estimates for Community Facilities \$57,961 and City Parks \$33,478 which is due to lower usage over the winter months compared to the budget that is phased evenly.
- b) This favourable variance mainly relates to water and gas for Community Facilities which are \$19,995 below budget.

7. 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	\$1,775,650	\$2,416,562	\$640,912
e) Ocean Reef Marina		\$85,500	\$85,500
	<u>\$1,876,316</u>	<u>\$2,825,634</u>	<u>\$949,318</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) A favourable timing variance occurred for the Roads to Recovery grant of \$734,201 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 (\$177,702) as some claims are still outstanding.
- 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.



8. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$745,850	\$234,256	\$511,594
b) Library Management System	\$102,749	\$1,900	\$100,849
c) PABX for Disaster Recovery site	\$52,000	-	\$52,000
d) Cafes / Restaurants / Kiosks	\$62,500	\$7,289	\$55,211
e) Grandstand, Sorrento Football Club	\$45,000	-	\$45,000
f) T1 Works & Assets for Building Maintenance	\$40,000	-	\$40,000
g) Joondalup Performing Arts & Cultural Facility	\$83,333	\$43,555	\$39,778
h) Joondalup City Centre Commercial Office Development	\$41,666	\$5,049	\$36,617
i) Network Infrastructure Upgrade	\$118,000	\$86,110	\$31,890
Other Projects – not material	\$247,500	\$130,338	\$117,162
	<u>\$1,538,598</u>	<u>\$508,497</u>	<u>\$1,030,101</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. The phasing of expenditure for this project will be amended during the Mid Year Budget review process.
- b) Purchase of the Self Serve equipment is forecast to be complete by December 2011.
- c) The actual implementation of this project is now expected to be complete by March 2012.
- d) The Site Identification and Assessment was submitted to the November Strategy session. Further direction, arising from the report recommendations, will determine future expenditure and phasing.
- e) A report recommending the use of this fund to provide covered seating instead of a grandstand has been presented to and approved by Council at its ordinary meeting held on 13 December 2011.
- f) This project has been delayed due to the unplanned Tech One system upgrade that is scheduled for February 2012.
- g) This favourable variance resulted from delays in the appointment of consultants that are now anticipated to be appointed in February 2012.
- h) Progress on this project is subject to further direction.
- i) Work on this project is progressing behind budget phasing.

9. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,697,165	\$1,552,726	\$144,439
b) Traffic Management Program	\$85,000	\$367,386	(\$282,386)
c) Stormwater Drainage Program	\$195,000	\$35,764	\$159,236
d) Parks Equipment Program	\$783,231	\$337,806	\$445,425
e) Parking Facility Program	-	\$111,915	(\$111,915)
f) Parks Development Program	\$654,000	\$321,892	\$332,108
g) Major Road Construction Program	-	\$188,100	(\$188,100)
h) Major Projects Program	\$180,000	\$35,031	\$144,969
Other Works variances - not material	\$1,314,371	\$1,430,882	(\$116,511)
	<u>\$4,908,767</u>	<u>\$4,381,502</u>	<u>\$527,265</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) Work has started earlier than budget creating an unfavourable timing variance on a number of projects including Craigie Drive / Haddington Street roundabout (\$135,464), Seacrest Drive (\$42,503) and Hodges Drive & Joondalup Drive Signals upgrade (\$25,950) which is complete.
- c) The Stormwater Drainage program is experiencing delays causing favourable variances including Mirror Park \$100,000 which is expected to be complete by the end of April 2012 and Craigie sump improvement \$50,000.
- d) This program is progressing behind budget phasing. Favourable timing variances occurred on Tennis Court resurfacing and fencing projects \$74,865 which are in progress or scheduled to be completed by June 2012. In addition delays in the installation of softfall and play equipment at Falklands Park and Marri Park created a favourable variance of \$128,218. These projects are to be completed by the end of December. The balance of the variance is spread across a number of projects.
- 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 also the Iluka Foreshore Reserve car park lighting (\$43,788) which is progressing ahead of budget phasing.
- f) This favourable variance predominantly relates to Kingsley Park \$233,431 that is anticipated to be completed by 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) This unfavourable variance includes expenditure on Moore Drive / Connolly Drive (\$168,933) which is funded by money brought forward from the previous financial year.
- h) This variance is predominantly due to the Currambine Community Centre which is currently in the design phase. This project is not expected to be completed this financial year.

10. Motor Vehicle Replacements

Unfavourable variances occurred for fleet purchases of (\$228,284) which were budgeted for in the previous financial year. This variance also includes favourable timing variances to budget of \$144,998, with a number of items on order or still being considered, and savings to budget of \$9,317.



11. Closing Funds

	Actual
Current Assets	
Cash Assets	\$112,728,279
Rates and Sundry Debtors	\$20,938,919
GST Receivable	\$597,510
Accrued Income	\$1,532,363
Advances and Prepayments	\$674,768
	\$136,471,839
Less: Current Liabilities	
Creditors	(\$5,231,012)
Sundry Payables	(\$5,958,020)
Provisions - Annual Leave	(\$3,315,650)
Provisions - Other	(\$5,554,624)
Accrued Expenses	(\$4,535,383)
Income in Advance	-
Borrowings	(\$938,773)
GST Payable	(\$112,206)
	(\$25,645,668)
Net Current Assets	\$110,826,171
Less: Borrowings	(\$540,990)
Less: Restricted Assets	(\$48,565,352)
Closing Funds - Surplus	\$61,719,829
Less:	
Non Current adjustments	(\$191,812)
Adjusted Closing Funds - Surplus	\$61,528,017