



City of Joondalup

Financial Activity Statement for the
Period Ended 30 April 2012

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City of Joondalup
Financial Activity Statement
for the period ended 30 April 2012

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(74,324,119)	(74,317,119)	(74,491,786)	174,667	0%
Grants and Subsidies	2	(3,228,940)	(2,487,243)	(2,272,774)	(214,469)	(9)%
Contributions Reimbursements and Donations	3	(2,741,133)	(2,466,451)	(2,361,410)	(105,041)	(4)%
Profit on Asset Disposals	4	(111,115)	(100,577)	(48,786)	(51,791)	(51)%
Fees and Charges	5	(31,790,619)	(29,654,527)	(29,858,326)	203,799	1%
Investment Earnings	6	(5,470,132)	(4,858,688)	(5,020,111)	161,423	3%
Other Revenue/Income		(208,080)	(204,340)	(243,961)	39,621	19%
Total Operating Revenue		(117,874,138)	(114,088,945)	(114,297,154)	208,209	0%
OPERATING EXPENSES						
Employee Costs	7	49,113,097	41,049,623	40,128,795	920,828	2%
Materials and Contracts	8	44,182,414	36,692,455	34,644,995	2,047,460	6%
Utilities (gas, electricity, water etc.)		5,533,040	4,539,953	4,493,831	46,122	1%
Depreciation of Non-Current Assets		22,760,376	18,974,158	18,989,373	(15,215)	(0)%
Loss on Asset Disposal	4	148,505	139,697	112,558	27,139	19%
Interest Expenses		675,101	567,745	561,263	6,482	1%
Insurance Expenses		1,342,161	1,339,614	1,352,087	(12,473)	(1)%
Total Operating Expenses		123,754,694	103,303,245	100,282,902	3,020,343	3%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,880,556	(10,785,700)	(14,014,252)	3,228,552	30%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(22,760,376)	(18,974,158)	(18,989,373)	15,215	0%
Loss on Asset Disposal		(148,505)	(139,697)	(112,558)	(27,139)	(19)%
Profit on Asset Disposals		111,115	100,577	48,786	51,791	(51)%
OPERATING CASH (SURPLUS)/DEFICIT		(16,917,209)	(29,798,978)	(33,067,397)	3,268,419	11%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	9	(6,477,471)	(3,368,450)	(3,891,122)	522,672	16%
Capital Contributions		(22,375)	(4,125)	(10,000)	5,875	142%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
Total Non-Operating Revenue		(7,899,846)	(3,372,575)	(3,901,122)	528,547	16%
CAPITAL EXPENDITURE						
Capital Projects	10	2,346,368	1,906,727	975,210	931,517	49%
Capital Works	11	23,983,685	14,925,018	10,763,339	4,161,679	28%
Motor Vehicle Replacements	12	3,174,146	2,249,146	1,625,961	623,185	28%
Loan Repayment Principal		1,479,763	1,125,337	1,125,337	(0)	(0)%
Equity Investments		34,000	17,000	24,598	(7,598)	(45)%
Total Capital Expenditure		31,017,962	20,223,228	14,514,445	5,708,783	28%
CAPITAL (SURPLUS)/DEFICIT		23,118,116	16,850,653	10,613,323	6,237,330	37%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		6,200,906	(12,948,325)	(22,454,074)	9,505,749	73%
FUNDING						
Proceeds from Disposal	4	(774,906)	(538,256)	(220,938)	(317,318)	(59)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		-	-	(140,000)	-	(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	13	(1,412)	(16,474,050)	(25,834,307)	9,220,257	56%

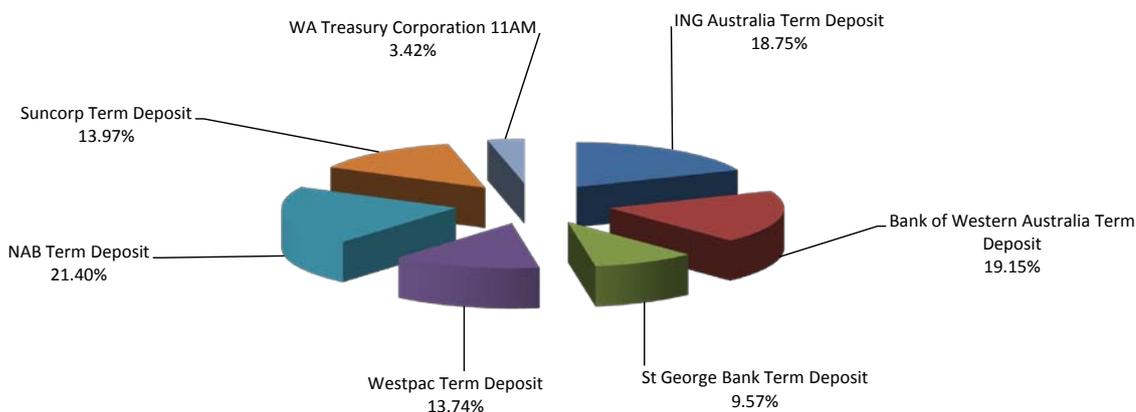


Investment Summary

CITY OF JOONDALUP
April-12

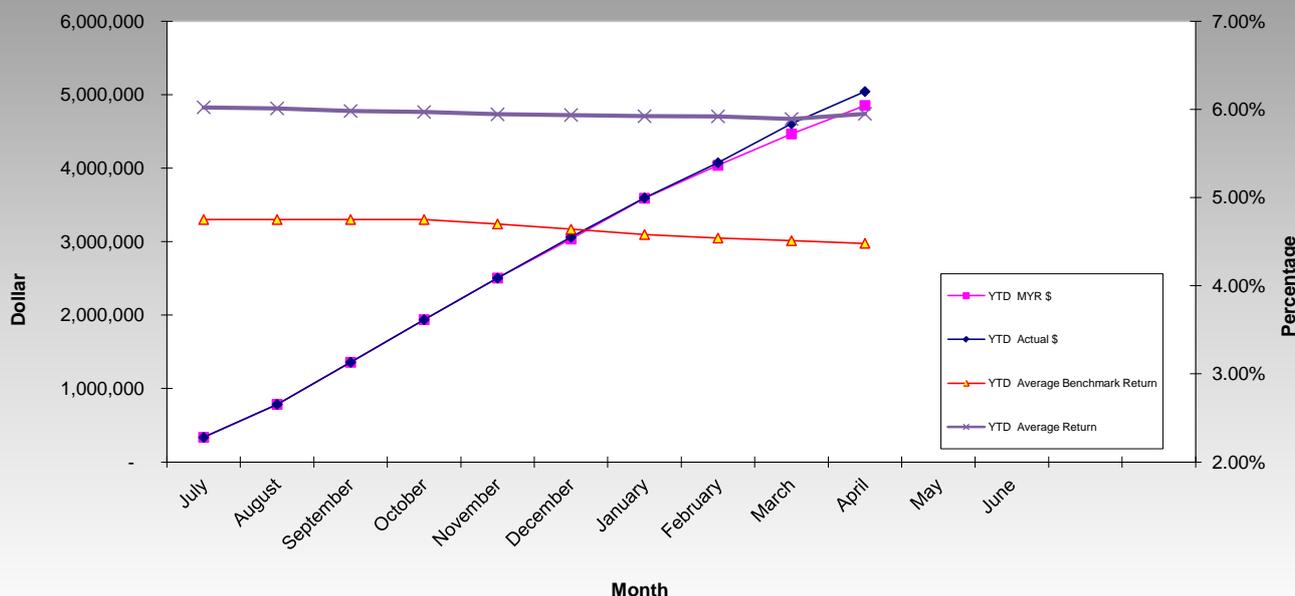
Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A	A-1	ING Australia Term Deposit	5.99%	5.99%	\$ 16,650,000	18.75%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.78%	6.11%	\$ 17,000,000	19.15%	20%
AA-	A-1+	St George Bank Term Deposit	6.01%	5.71%	\$ 8,500,000	9.57%	20%
AA-	A-1+	Westpac Term Deposit	6.01%	5.93%	\$ 12,200,000	13.74%	20%
AA-	A-1+	NAB Term Deposit	5.98%	5.87%	\$ 19,000,000	21.40%	20%
A+	A-1	Suncorp Term Deposit	6.16%	6.35%	\$ 12,400,000	13.97%	15%
A-1+	AAA	WA Treasury Corporation 11AM	4.20%	4.44%	\$ 3,038,000	3.42%	20%
Total Investment Portfolio			5.92%	5.95%	88,788,000	100.00%	
Municipal Funds					40,438,213		
Reserve Funds					48,349,787		
					88,788,000		

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	4,604,185	4.51%	5.89%
April	386,824	437,883	4,852,505	5,042,068	4.48%	5.95%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 APRIL 2012

1. Rates

Interim Rates issued are \$201,539 above budget. This is partially offset by Administration fees and Interest charges to date which are (\$21,496) below budget.

2. Grants & Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) State General Purpose Assistance Grant	\$150,000	-	(\$150,000)
b) Other Grants & Subsidies	\$2,337,243	\$2,272,774	(\$64,469)
	<u>\$2,487,243</u>	<u>\$2,272,774</u>	<u>(\$214,469)</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.

b) The Lottery West grant \$42,500 for the Joondalup Festival is to be received later than budgeted. Financial Counselling grants received to date are \$15,818 below budget.

3. Contributions, Reimbursements and Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclable Materials	\$1,464,368	\$1,402,864	(\$61,504)
b) Other Contributions, Reimbursements and Donations	\$1,002,083	\$958,546	(\$43,537)
	<u>\$2,466,451</u>	<u>\$2,361,410</u>	<u>(\$105,041)</u>

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

b) Event Sponsorship received is \$27,427 more than budget. This is offset by Utility charges to occupants of City buildings which is (\$50,184) below budget and (\$20,330) reimbursement from the City of Wanneroo for a shared Club Development Officer that is to be invoiced in May 2012. The balance of the variance is spread across a number of areas.

4. Asset Disposals

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

5. Fees & Charges

	YTD Revised Budget	YTD Actual	Variance
a) Refuse Charges	\$16,984,374	\$17,048,340	\$63,966
b) Building & Development Fees	\$1,481,246	\$1,557,223	\$75,977
c) Sports & Recreation Fees	\$5,911,136	\$6,086,176	\$175,040
d) Fines & Penalties	\$1,409,128	\$1,357,426	(\$51,702)
e) Other variances	\$3,868,643	\$3,809,161	(\$59,482)
	<u>\$29,654,527</u>	<u>\$29,858,326</u>	<u>\$203,799</u>

- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) To date Development Application Fees are \$152,184 above budget offset by Building License Fees which are (\$83,807) under budget.
- c) Revenue is \$99,062 above budget for the Learn to Swim program driven by strong enrolments for term 2. In addition revenue for the Hire of Facilities and Parks is \$77,325 above budget.
- d) This unfavourable variance is spread across a number of areas including Other Fines and penalties (\$17,122), Parking infringements (\$14,521) and Poundage Fees (\$9,009).
- e) Other unfavourable variances include Licenses and Registrations (\$19,919), Parking Fees (\$14,735) and Hire and Rentals (\$12,049)

6. Investment Earnings

Investment income exceeded budget by \$161,423 as the volume of funds invested is higher than budgeted.

7. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$38,646,812	\$37,699,290	\$947,522
b) Other Employment Costs	\$2,402,811	\$2,429,505	(\$26,694)
	<u>\$41,049,623</u>	<u>\$40,128,795</u>	<u>\$920,828</u>

- a) This favourable variance is due to a combination of the Leisure Centres Collective Agreement that is yet to be agreed plus vacancies and savings in a number of areas.
- b) This variance includes unfavourable variances for Agency Employees (\$60,380) used to cover vacant positions and Capital Labour Recoveries (\$43,988) due to less use of internal labour on capital work, offset by Staff Training costs which are \$73,992 below budget.

8. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$1,138,866	\$1,024,356	\$114,510
b) Professional Fees & Costs	\$1,573,740	\$1,315,927	\$257,813
c) Public Relations, Advertising & Promotions	\$913,093	\$673,334	\$239,759
d) Computing	\$1,153,107	\$962,028	\$191,079
e) Furniture, Equipment and Artworks	\$1,922,536	\$1,501,504	\$421,032
f) Contributions & Donations	\$1,676,131	\$1,316,744	\$359,387
g) Other Materials	\$1,294,188	\$1,088,653	\$205,535
h) Waste Management Services	\$7,726,914	\$8,089,677	(\$362,763)
i) External Services Expenses	\$15,835,834	\$15,278,481	\$557,353
j) Elected Member Costs	\$334,780	\$271,195	\$63,585
k) Charges and Recoveries	(\$287,752)	(\$222,724)	(\$65,028)
Other Variances - not material	\$3,411,018	\$3,345,820	\$65,198
	<u>\$36,692,455</u>	<u>\$34,644,995</u>	<u>\$2,047,460</u>

- a) The favourable variance is primarily attributable to Election Costs \$40,206, Printing \$49,911 and Photography and Video Production \$18,018.
- b) This favourable variance is attributable to lower year to date expenditure on Consultancy \$196,941, Legal expenses \$45,088 and Lodgment Fees \$13,902.
- c) Promotional expenditure is \$95,592 below budget predominantly due to budget phasing. The balance of the variance is due to a combination of savings and the timing of various publications and events including Advertising \$50,914, Catering \$49,999, Bar Stocks \$21,711 and Signage \$22,136.
- d) This is largely due to a combination of favourable timing variances including Microsoft licences required for upgrades \$74,163 and annual Software Maintenance renewals \$73,731 as a result of renewals charged in full in the prior financial year that related to the current year.
- e) The favourable variance is primarily due to Plant & Equipment Purchases (minor) \$180,154 because of delays in the procurement of waste collection bins and Computer Purchases (minor) \$102,217 spread across the City. Timing variances also occurred for Plant & Equipment maintenance including Parking Ticket Machines \$58,854, CCTV equipment \$12,493 and Leisure Centre equipment \$11,807.
- f) Favourable timing variances arose for Contributions paid to date for the Joondalup CAT bus service \$11,673, Sports Club Development \$70,293, Woodvale Waters \$39,286, Yellagonga ICM Project \$22,000 and the Environmental Education program \$15,000. In addition favourable timing variances also arose for Future Facilities & Community funding programs \$24,000 and Donations \$67,820 predominantly for Kidsport grant disbursements part of which will be carried forward to the next financial year.

Favourable variances also arose for Sponsorships \$64,305 and Prizes and Trophies \$17,136, which are together forecast to be underspent by \$66,000 at the end of the financial year.

- g) Material purchases are below budget for Operation Services \$63,220 and Building Maintenance \$100,241. These are offset by an increase in expenditure for External Contractors who invoice the City for labour and materials supplied combined (ref. i below). A favourable timing variance also occurred for Administration Building Works \$48,982.
- h) The Materials Recovery Facility operating costs are (\$161,652) above budget. In addition an unfavourable variance of (\$201,111) occurred for domestic, bulk and weekend green waste collection mainly attributable to seasonal variations.
- i) External Contractor Service expenditure for the City is \$388,536 below budget. This includes favourable variances for Graffiti Removal \$138,039, Capital Works Programming \$64,895, Marketing \$40,821, City Watch \$24,644 and Operations Services \$136,669. Building Maintenance external contractor charges are (\$131,791) above budget as a result of budgeted material purchases being included in contractor combined charges (ref. h above).

Other favourable variances arose for Program Activities \$149,310, Pest Control \$25,592, Production Costs \$14,171 and Poundage Fees \$12,183. These are offset by an unfavourable variance for Domestic and Bulk Tipping Fees (\$51,397) as a result of higher tonnages collected. The balance of the variance is spread across a number of areas.

- k) Elected Member Conference and Training Expenses are \$75,536 below budget. Some expenditure will be incurred in the upcoming months however savings of \$67,000 are forecast for the financial year. This is partially offset by Telecommunications Allowances which are (\$14,896) over budget.
- l) Capital Overhead Recoveries are (\$97,517) below budget as the capital work crew is undertaking more maintenance work instead of capital work to date. This is partially offset by Fleet and Plant Recovery on capital work that is \$33,130 above budget.

9. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	-	\$496,970	\$496,970
b) Blackspot Projects	\$325,918	\$223,763	(\$102,155)
c) Road Preservation / Resurfacing program	\$2,912,758	\$3,040,615	\$127,857
Other	\$129,774	\$129,774	-
	<u>\$3,368,450</u>	<u>\$3,891,122</u>	<u>\$522,672</u>

- a) The City has recognised expected grant revenue from the final claim for the Moore Drive / Connolly Drive dual carriageway project that was budgeted to be received in the previous financial year.

- b) 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.
- c) This is driven primarily by timing variances for the Metro Regional Road Group Grants \$66,967 and Roads to Recovery Grants (\$44,543). In addition a favourable variance arose on State Local Road Grants of \$105,433, as a result of capital grants included in the operating revenue budget.

10. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$485,229	\$322,494	\$162,735
b) Information Technology Projects - various	\$455,078	\$228,826	\$226,252
c) Joondalup Performing Arts & Cultural Facility	\$178,632	\$74,815	\$103,817
d) Materials Recovery Facility upgrade	\$299,667	\$14,957	\$284,710
e) Public Art	\$50,000	-	\$50,000
Other Projects – not material	\$438,121	\$334,118	\$104,003
	<u>\$1,906,727</u>	<u>\$975,210</u>	<u>\$931,517</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) Savings arising in Information Technology projects are earmarked to purchase equipment for Elected Members and the remainder of the variance is due to timing differences.
- c) Consultants have been engaged to undertake the Feasibility Study and Market Analysis for this project.
- d) The glass cleaning facility upgrade is complete and operational, invoices are still being finalised by the contractor.
- e) Although an artist has been identified, delays have been experienced in progressing this project and the \$50,000 is to be carried forward to the next financial year.

11. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,937,145	\$3,655,507	\$281,638
b) Stormwater Drainage Program	\$666,348	\$208,384	\$457,964
c) Paths Program	\$872,176	\$406,281	\$465,895
d) Streetscape Enhancement Program	\$1,331,131	\$1,018,666	\$312,465
e) Traffic Management Program	\$1,469,964	\$906,240	\$563,724
f) Parks Equipment Program	\$1,637,281	\$1,182,651	\$454,630
g) Major Road Construction Program	\$1,507,496	\$524,532	\$982,964
h) Parks Development Program	\$1,109,352	\$917,822	\$191,530
i) Major Projects Program	\$360,792	\$172,077	\$188,715
Other Works variances - not material	\$2,033,333	\$1,771,179	\$262,154
	<u>\$14,925,018</u>	<u>\$10,763,339</u>	<u>\$4,161,679</u>

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

b) The Stormwater Drainage program has experienced delays in a number of projects including Mirror Park \$132,443, Waterford Drive Flood Mitigation \$88,765, Periwinkle Park \$65,153 and Craigie sump improvement \$49,950 that are expected to be completed in the coming months.

c) The Paths Replacement Program has been completed with only a few outstanding invoices awaited. The New Paths Program has favourable timing variances for Hillarys Marina to Ern Halliday \$100,000 which is due to be completed at the end of June. In addition, variances arose for Bankhurst Way \$34,000 and Lakeway Drive \$200,026 which are due to be completed by the end of May and Kean's Avenue \$14,150 which is now complete.

The Disability Access for Public Transport has a favourable variance of \$40,000 with the project due to be completed by the end of June while the Hepburn Avenue new path project has been withdrawn creating a variance of \$46,600.

d) This variance is mainly attributable to the East West Arterial Road intersection project \$107,143 and Burns Beach Landscaping \$124,080 which are forecast to be completed 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 \$48,250, Illyarine / Tuart Road \$25,000, the Upgrade of Lane 1 Sorrento between Ross Street and Clontarf Street \$59,651 and Marmion Avenue / Whitfords Avenue \$59,148.

f) Variances arose for Flood Light and Pole replacement \$242,669 and the Shade Structure Program \$40,978, which have been identified to be carried forward into

2012/2013. The remaining projects are forecast to be completed by the end of the financial year.

- g) Moore Drive (East) is to be carried forward to 2012/2013 causing a favourable variance of \$1,309,944. This is offset by an unfavourable variance of (\$326,980) for Moore Drive / Connolly Drive dual carriageway which is complete.
- h) Work on this program is progressing behind budget phasing. Variances include Emerald Park \$49,976 to be completed by the end of June and Kinglsey Park Landscaping \$87,397 which is forecast to be partially carried forward into 2012/2013.
- i) Favourable timing variances arose for Tom Simpson Park \$127,507 and Currambine Community Centre \$24,914, which are both to be carried forward to the next financial year.

12. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget. Orders totalling \$591,800 have been placed and are scheduled for delivery over the coming months.

13. Closing Funds

	June 2011	April 2012
Current Assets		
Cash Assets	\$66,889,699	\$86,955,225
Rates and Sundry Debtors	\$2,835,602	\$1,629,529
GST Receivable	\$871,475	\$418,041
Accrued Income	\$1,127,694	\$1,133,793
Advances and Prepayments	\$938,303	\$506,473
	\$72,662,773	\$90,643,061
Less: Current Liabilities		
Creditors	(\$5,007,309)	(\$589,496)
Sundry Payables	(\$243,257)	(\$1,786,633)
Provisions - Annual Leave	(\$3,026,905)	(\$3,259,563)
Provisions - Other	(\$4,849,904)	(\$5,580,755)
Accrued Expenses	(\$5,314,529)	(\$3,215,932)
Income in Advance	(\$1,020,183)	-
Borrowings	(\$1,479,763)	(\$354,425)
GST Payable	(\$225,176)	(\$143,555)
	(\$21,167,026)	(\$14,930,359)
Net Current Assets	\$51,495,747	\$75,712,702
Add: Borrowings	\$1,479,763	\$354,425
Less: Reserves	(\$48,526,878)	(\$48,526,878)
Less: Non-current Provision	(\$1,460,326)	(\$1,736,931)
Closing Funds - Surplus	\$2,988,306	\$25,803,318
Add/(less): Other non-current adjustments	\$30,989	\$30,989
Adjusted Closing Funds - Surplus	\$3,019,295	\$25,834,307