



City of  
Joondalup

# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 May 2012

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

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(74,324,119)	(74,320,719)	(74,502,625)	181,906	0%
Grants and Subsidies	2	(3,228,940)	(3,107,440)	(3,009,046)	(98,394)	(3)%
Contributions Reimbursements and Donations		(2,741,133)	(2,599,530)	(2,647,996)	48,466	2%
Profit on Asset Disposals	3	(111,115)	(100,577)	(63,782)	(36,795)	(37)%
Fees and Charges	4	(31,790,619)	(30,705,553)	(31,160,813)	455,260	1%
Investment Earnings	5	(5,470,132)	(5,177,440)	(5,440,400)	262,960	5%
Other Revenue/Income		(208,080)	(205,040)	(245,033)	39,993	20%
<b>Total Operating Revenue</b>		<b>(117,874,138)</b>	<b>(116,216,299)</b>	<b>(117,069,695)</b>	<b>853,396</b>	<b>1%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	6	49,113,097	45,245,338	44,097,705	1,147,633	3%
Materials and Contracts	7	44,182,414	40,128,392	37,623,516	2,504,876	6%
Utilities (gas, electricity, water etc.)		5,533,040	5,031,833	5,008,104	23,729	0%
Depreciation of Non-Current Assets		22,760,376	20,878,406	20,917,895	(39,489)	(0)%
Loss on Asset Disposal	3	148,505	139,697	123,762	15,935	11%
Interest Expenses		675,101	621,349	615,769	5,580	1%
Insurance Expenses		1,342,161	1,339,913	1,354,776	(14,863)	(1)%
<b>Total Operating Expenses</b>		<b>123,754,694</b>	<b>113,384,928</b>	<b>109,741,527</b>	<b>3,643,401</b>	<b>3%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>5,880,556</b>	<b>(2,831,371)</b>	<b>(7,328,168)</b>	<b>4,496,797</b>	<b>159%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets		(22,760,376)	(20,878,406)	(20,917,895)	39,489	0%
Loss on Asset Disposal		(148,505)	(139,697)	(123,762)	(15,935)	(11)%
Profit on Asset Disposals		111,115	100,577	63,782	36,795	(37)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(16,917,209)</b>	<b>(23,748,897)</b>	<b>(28,306,043)</b>	<b>4,557,146</b>	<b>19%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	8	(6,477,471)	(4,161,015)	(3,995,349)	(165,666)	(4)%
Capital Contributions		(22,375)	(4,125)	(14,125)	10,000	242%
Acquired Infrastructure Assets		(1,400,000)	-	-	-	0%
<b>Total Non-Operating Revenue</b>		<b>(7,899,846)</b>	<b>(4,165,140)</b>	<b>(4,009,474)</b>	<b>(155,666)</b>	<b>(4)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	9	2,346,368	2,154,989	1,148,912	1,006,077	47%
Capital Works	10	23,983,685	19,001,388	12,585,155	6,416,233	34%
Motor Vehicle Replacements	11	3,174,146	3,174,146	1,937,819	1,236,327	39%
Loan Repayment Principal		1,479,763	1,285,617	1,285,617	(0)	(0)%
Equity Investments		34,000	17,000	24,598	(7,598)	(45)%
<b>Total Capital Expenditure</b>		<b>31,017,962</b>	<b>25,633,140</b>	<b>16,982,102</b>	<b>8,651,038</b>	<b>34%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>23,118,116</b>	<b>21,468,000</b>	<b>12,972,628</b>	<b>8,495,372</b>	<b>40%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>6,200,906</b>	<b>(2,280,897)</b>	<b>(15,333,415)</b>	<b>13,052,518</b>	<b>572%</b>
<b>FUNDING</b>						
Proceeds from Disposal	3	(774,906)	(538,256)	(303,301)	(234,955)	(44)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		-	-	(180,000)	-	(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%
<b>CLOSING FUNDS</b>	12	<b>(1,412)</b>	<b>(5,806,622)</b>	<b>(18,836,011)</b>	<b>12,849,389</b>	<b>221%</b>

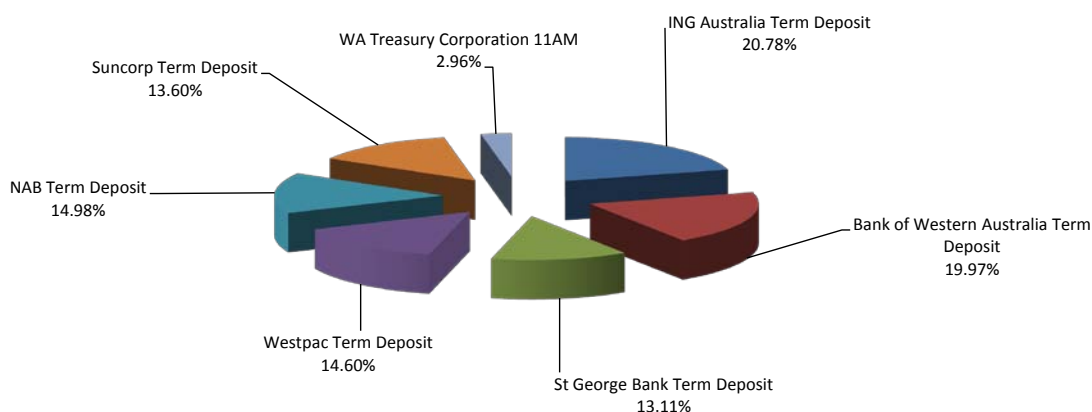


## Investment Summary

**CITY OF JOONDALUP**  
May-12

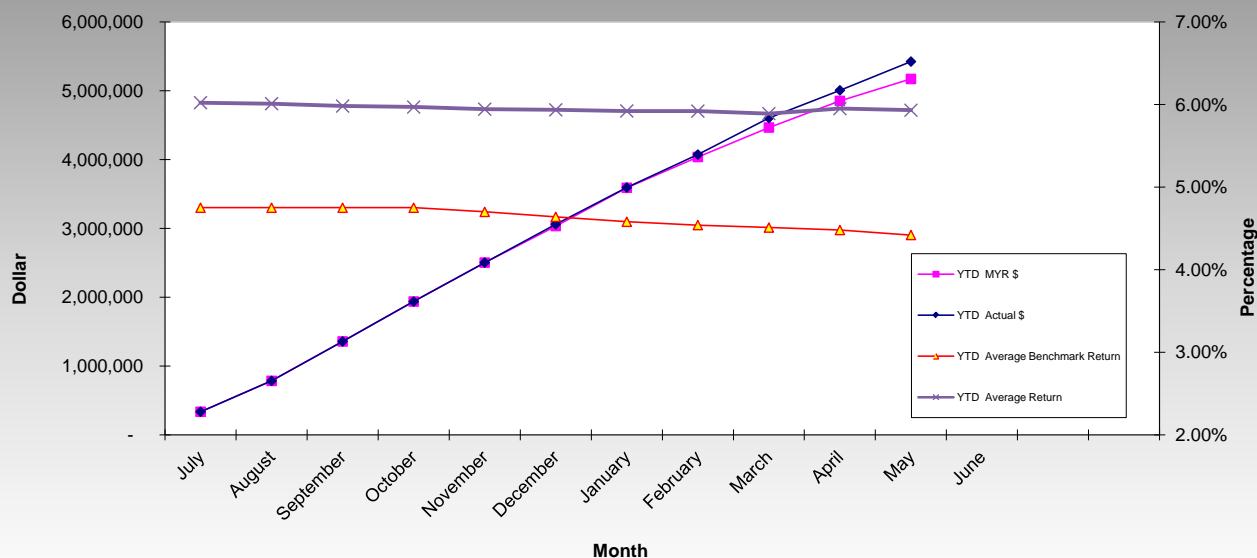
Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A	A-1	ING Australia Term Deposit	5.99%	5.99%	\$ 16,650,000	20.78%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.75%	6.08%	\$ 16,000,000	19.97%	20%
AA-	A-1+	St George Bank Term Deposit	5.75%	5.72%	\$ 10,500,000	13.11%	20%
AA-	A-1+	Westpac Term Deposit	5.73%	5.92%	\$ 11,700,000	14.60%	20%
AA-	A-1+	NAB Term Deposit	5.74%	5.86%	\$ 12,000,000	14.98%	20%
A+	A-1	Suncorp Term Deposit	5.95%	6.32%	\$ 10,900,000	13.60%	15%
A-1+	AAA	WA Treasury Corporation 11AM	3.71%	4.36%	\$ 2,368,000	2.96%	20%
<b>Total Investment Portfolio</b>			<b>5.73%</b>	<b>5.93%</b>	<b>80,118,000</b>	<b>100.00%</b>	
<b>Municipal Funds</b>					31,845,962		
<b>Reserve Funds</b>					48,272,038		
					<b>80,118,000</b>		

### 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	401,994	4,852,505	5,006,179	4.48%	5.95%
May	318,752	417,698	5,171,257	5,423,877	4.42%	5.93%

### Return on Investments





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

**1. Rates**

Interim Rates issued are \$206,066 above budget. This is partially offset by Administration fees and Interest charges to date which are (\$18,809) below budget.

**2. Grants & Subsidies**

	YTD Revised Budget	YTD Actual	Variance
a) State General Purpose Assistance Grant	\$2,630,786	\$2,480,786	(\$150,000)
b) Other Grants & Subsidies	\$476,654	\$528,260	\$51,606
	<u>\$3,107,440</u>	<u>\$3,009,046</u>	<u>(\$98,394)</u>

a) The State General Purpose Assistance Grant is below budget caused by a (\$140,579) Road Grant received as a capital grant but budgeted as operating revenue (ref. 8c below).

b) The City received an unbudgeted subsidy of \$49,796 from Main Roads WA for 50% of the cost of street lighting on qualifying roads. In addition, an unbudgeted Count Me In Inclusion grant of \$39,800 was received for the Bits and Bytes Training Program and Internet Cafe Project. The Lottery West grant (\$42,500) for the Joondalup Festival is to be received later than budgeted.

**3. Asset Disposals**

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

**4. Fees & Charges**

	YTD Revised Budget	YTD Actual	Variance
a) Refuse Charges	\$16,984,374	\$17,052,128	\$67,754
b) Parking Fees	\$1,463,615	\$1,621,646	\$158,031
c) Sports & Recreation Fees	\$6,438,390	\$6,676,738	\$238,348
d) Fines & Penalties	\$1,549,543	\$1,494,271	(\$55,272)
e) Other variances	\$4,269,631	\$4,316,030	\$46,399
	<u>\$30,705,553</u>	<u>\$31,160,813</u>	<u>\$455,260</u>

a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.



- b) On and Off Street Parking Fees are \$147,528 above budget due to higher level of use. In addition Private Property Agreements revenue is \$10,503 above budget.
- c) Revenue for the Hire of Facilities and Parks is \$142,502 above budget. In addition Admission Fee revenue is \$65,757 above budget driven by strong pool admissions and the Learn to Swim program is \$46,304 above budget.
- d) This unfavourable variance includes Parking infringements (\$41,112) and Poundage Fees (\$15,609).
- e) This includes favourable variances for Building and Development Fees \$41,028 and Hire and Rental Fees \$39,092 offset by unfavourable variances for Licenses and Registrations (\$18,507), Inspection and Control Fees (\$5,687) and Other Fees and Charges (\$9,527).

## 5. Investment Earnings

Investment income exceeded budget by \$262,960 as the volume of funds invested is higher than budgeted.

## 6. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries & Wages	\$42,785,749	\$41,691,112	\$1,094,637
b) Other Employment Costs	\$2,459,589	\$2,406,593	\$52,996
	<u>\$45,245,338</u>	<u>\$44,097,705</u>	<u>\$1,147,633</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 includes favourable variances for Staff Training costs \$105,423, Conferences and Seminars \$29,445 and Study Assistance \$28,028. These are offset by an unfavourable variance for Agency Employees (\$86,577) which are used to cover vacant positions.



## 7. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Administration	\$1,216,300	\$1,092,112	\$124,188
b) Professional Fees & Costs	\$1,719,689	\$1,444,252	\$275,437
c) Public Relations, Advertising & Promotions	\$1,018,992	\$788,968	\$230,024
d) Computing	\$1,265,521	\$1,095,881	\$169,640
e) Furniture, Equipment and Artworks	\$2,059,947	\$1,767,157	\$292,790
f) Contributions & Donations	\$1,800,984	\$1,479,109	\$321,875
g) Other Materials	\$1,433,082	\$1,243,921	\$189,161
h) Waste Management Services	\$8,534,205	\$8,318,587	\$215,618
i) External Services Expenses	\$17,343,613	\$16,731,107	\$612,506
j) Elected Member Costs	\$375,058	\$301,616	\$73,442
k) Charges and Recoveries	(\$333,089)	(\$273,975)	(\$59,114)
Other Variances - not material	\$3,694,090	\$3,634,781	\$59,309
	<u>\$40,128,392</u>	<u>\$37,623,516</u>	<u>\$2,504,876</u>

a) The favourable variance is primarily attributable to Election Costs \$40,147, Printing \$72,937 and Photography and Video Production \$23,840.

b) This favourable variance is attributable to lower than expected expenditure on Consultancy \$209,799, Legal expenses \$28,283 and Lodgment Fees \$18,433.

c) Promotional expenditure is \$77,601 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 \$43,158, Catering \$60,626, Bar Stocks \$29,203 and Signage \$22,824.

d) This favourable variance includes Software Maintenance renewals \$85,716 as a result of a change in the accounting treatment where by annual renewals were charged in full in the year they commenced and are now charged on a monthly basis from the anniversary date. Additional favourable variances include Software Purchases \$37,741 and Data Communication Links costs \$15,073.

e) The favourable variance is primarily due to Plant & Equipment Purchases (minor) \$158,592 because of delays in the procurement of waste collection bins and Computer Purchases (minor) \$113,765 spread across the City.

f) Favourable timing variances arose for Contributions paid to date for the Joondalup CAT bus service \$11,285, Sports Club Development \$36,194, Woodvale Waters \$47,143, 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 \$39,000 and Donations \$48,291 predominantly for Kidsport grant disbursements part of which will be carried forward to the next financial year.

Favourable variances also arose for Sponsorships \$55,442 and Prizes and Trophies \$20,792, 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 \$43,050 and Building Maintenance \$95,371. 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 \$62,438.
- h) The Materials Recovery Facility operating costs are \$87,897 below budget due to delays in invoicing, and additional accruals will be processed in June 2012. In addition a favourable variance of \$127,721 occurred for domestic, bulk and weekend green waste collection mainly attributable to seasonal variations.
- i) External Contractor Service expenditure for the City is \$389,157 below budget. This includes Operation Services \$249,631 resulting from spring dead spot fertiliser spraying that did not occur and the timing of Decorative Lighting and Drainage maintenance. In addition favourable variances arose for Graffiti Removal \$131,698, Parks Inventory Data Collection \$60,552, Marketing \$34,098 and City Watch \$31,471. Building Maintenance external contractor charges are (\$210,631) above budget as a result of higher reactive maintenance to date and material purchases being included in contractor combined charges (ref. h above).

Other favourable variances arose for Program Activities \$109,411, Pest Control \$33,356, Production Costs \$16,300, Poundage Fees \$14,656 and Domestic and Bulk Tipping Fees \$18,567. The balance of the variance is spread across a number of areas.

- j) Elected Member Conference and Training Expenses are \$89,313 below budget. Some further expenditure will be incurred before the end of June 2012 however savings of \$67,000 are forecast for the financial year. This is partially offset by Telecommunications Allowances which are (\$12,831) over budget as a result of an amendment to the City policy in respect of the frequency of payment of these allowances.
- k) Capital Overhead Recoveries are (\$99,559) 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 \$41,418 above budget.

## 8. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction	-	\$181,818	\$181,818
b) Blackspot Projects	\$414,118	\$223,763	(\$190,355)
c) Road Preservation / Resurfacing program	\$3,522,930	\$3,459,994	(\$62,936)
d) New Paths	\$94,193	-	(\$94,193)
Other	\$129,774	\$129,774	-
	<u>\$4,161,015</u>	<u>\$3,995,349</u>	<u>(\$165,666)</u>

- a) The City has recognised 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 60% of the grant \$82,021 is yet to be claimed and the final claim for Hodges Drive / Joondalup Drive Traffic Signals is still to be processed.
- c) This is driven primarily by unfavourable timing variances for the Metro Regional Road Group Grants (\$163,946) and Roads to Recovery Grants (\$39,570). In addition a favourable variance arose on State Local Road Grants of \$140,579, as a result of capital grants included in the operating revenue budget (ref. 2a above).
- d) The Hepburn Avenue path project has been withdrawn (ref 11c below) and the \$23,300 grant will not be claimed. The grant for a new path on Lakeside Drive will be claimed upon completion of work generating timing variance of \$70,893.

### 9. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$535,424	\$326,397	\$209,027
b) Information Technology Projects - various	\$525,221	\$302,864	\$222,357
c) Joondalup Performing Arts & Cultural Facility	\$206,848	\$114,565	\$92,283
d) Materials Recovery Facility upgrade	\$299,667	\$52,956	\$246,711
e) Public Art	\$50,000	-	\$50,000
f) Cafes / Restaurants / Kiosks	\$88,301	\$28,054	\$60,247
g) Joondalup City Centre Commercial Office Development	\$86,436	\$36,096	\$50,340
Other Projects – not material	\$363,092	\$287,980	\$75,112
	<u>\$2,154,989</u>	<u>\$1,148,912</u>	<u>\$1,006,007</u>

- a) The City is currently awaiting further advice from consultants regarding aspects of the Environment and Planning Approval Strategy for the Ocean Reef Marina Development.
- b) This favourable variance is due to timing differences on a number of Information Technology projects including the Network Infrastructure Upgrade program and Disaster Recovery Facilities.
- c) Consultants are currently undertaking the Feasibility Study and Market Analysis for the Joondalup Performing Arts and Cultural Facility.
- d) The glass cleaning facility upgrade is complete and operational and \$103,036 is to be funded from the Material Recovery Facility reserve. Projects totalling \$85,000 are to be carried forward into 2012/2013
- e) Although an artist has been identified, delays have been experienced in progressing this project. The \$50,000 is to be carried forward to the next financial year.
- f) A site identification report for the Cafes / Restaurants / Kiosks project is currently being prepared by consultants.



- g) The feasibility assessment report on the preferred sites for the Joondalup City Centre Commercial Offices Development is currently being assessed.

## 10. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$4,505,753	\$4,133,434	\$372,319
b) Stormwater Drainage Program	\$741,348	\$341,807	\$399,541
c) Paths Program	\$1,029,974	\$596,317	\$433,657
d) Streetscape Enhancement Program	\$1,863,733	\$1,241,683	\$622,050
e) Traffic Management Program	\$1,495,464	\$997,254	\$498,210
f) Parks Equipment Program	\$1,877,670	\$1,234,644	\$643,026
g) Major Road Construction Program	\$2,948,505	\$553,338	\$2,395,167
h) Parks Development Program	\$1,159,352	\$967,751	\$191,601
i) Major Projects Program	\$546,406	\$309,226	\$237,180
j) Building Capital Works Program	\$1,802,327	\$1,503,018	\$299,309
k) Parking Facilities Program	\$319,495	\$122,862	\$196,633
Other Works variances - not material	\$711,361	\$583,821	\$127,540
	<u>\$19,001,388</u>	<u>\$12,585,155</u>	<u>\$6,416,233</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 the design phase of a number of projects. The favourable variance includes Mirror Park \$46,134, Waterford Drive Flood Mitigation \$81,629, Periwinkle Park \$62,403 and Craigie sump improvement \$62,403 that are expected to be completed by the end of June.
- c) The Paths Replacement Program has been completed \$16,688 below budget. The New Paths Program is progressing and favourable timing variances include Hillarys Marina to Ern Halliday \$108,798, Bankhurst Way \$34,000 and Lakeside Drive \$172,447 which are due to be completed by the end of June.

The Disability Access for Public Transport project has a favourable variance of \$32,672 with completion due 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 Burns Beach Landscaping \$229,064 and Shenton Avenue Landscaping \$89,009 which are both forecast to be completed by the end of June. The Entry Statements project has been deferred to 2012/13, creating a favourable variance of \$171,094.
- e) Craigie Drive / Haddington Street is complete and awaiting final invoices \$52,881. Other favourable variances arose on projects that are progressing behind budget schedule including Regatta Drive \$40,306, the Upgrade of Lane 1 Sorrento between



Ross Street and Clontarf Street \$21,907 and Marmion Avenue / Whitfords Avenue \$56,858. Illyarine / Tuart Road has a variance of \$25,000 with the project to be carried forward into 2012/13.

- f) Variances arose for Flood Light and Pole replacement \$365,058, the Shade Structure Program \$40,978, Duncraig Community Centre \$51,500 and Burns Beach Park \$46,500 which have all been identified to be carried forward and completed in 2012/2013.
- g) Moore Drive (East) is to be carried forward and completed in 2012/2013 causing a favourable variance of \$2,722,147. This is offset by an unfavourable variance of (\$326,980) for Moore Drive / Connolly Drive dual carriageway which is complete.
- h) Variances include Emerald Park \$48,776, Carlton park \$35,055 which are 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) A favourable timing variance arose for Tom Simpson Park \$258,810 which is to be carried forward to the next financial year.
- j) This includes a favourable variance of \$50,138 for the Fire Indicator Panel at Craigie Leisure Centre which has been replaced however invoices are yet to be received. In addition favourable timing variances arose for Seacrest Park \$49,731, Fleur Frame \$78,340 and Joondalup Library \$135,332 which are all expected to be completed by the end of June.
- k) The construction of an additional car park at Sacred Heart College \$195,000 will not occur until 2012/2013.

#### **11. Motor Vehicle Replacements**

This favourable variance is mainly due to timing differences to budget. Orders totalling \$1,142,586 have been placed and are scheduled for delivery over the coming months. The balance of the variance reflects a net saving to budget on acquisitions for the year.



## 12. Closing Funds

	June 2011	May 2012
<b>Current Assets</b>		
Cash Assets	\$66,889,699	\$80,166,460
Rates and Sundry Debtors	\$2,835,602	\$873,702
GST Receivable	\$871,475	\$606,163
Accrued Income	\$1,127,694	\$1,207,989
Advances and Prepayments	\$938,303	\$499,637
	\$72,662,773	\$83,353,951
<b>Less: Current Liabilities</b>		
Creditors	(\$5,007,309)	(\$1,978,406)
Sundry Payables	(\$243,257)	(\$307,712)
Provisions - Annual Leave	(\$3,026,905)	(\$3,339,074)
Provisions - Other	(\$4,849,904)	(\$5,559,123)
Accrued Expenses	(\$5,314,529)	(\$2,969,285)
Income in Advance	(\$1,020,183)	-
Borrowings	(\$1,479,763)	(\$194,145)
GST Payable	(\$225,176)	(\$103,385)
	(\$21,167,026)	(\$14,451,130)
<b>Net Current Assets</b>	<b>\$51,495,747</b>	<b>\$68,902,821</b>
<b>Add:</b> Borrowings	\$1,479,763	\$194,145
<b>Less:</b> Reserves	(\$48,526,878)	(\$48,526,878)
<b>Less:</b> Non-current Provision	(\$1,460,326)	(\$1,765,066)
<b>Closing Funds - Surplus</b>	<b>\$2,988,306</b>	<b>\$18,805,022</b>
<b>Add/(less):</b> Other non-current adjustments	\$30,989	\$30,989
<b>Adjusted Closing Funds - Surplus</b>	<b>\$3,019,295</b>	<b>\$18,836,011</b>