



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 30 September 2012

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 30 September 2012

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(78,155,974)	(78,053,898)	(102,076)	(0)%
Grants and Subsidies	1	(2,231,117)	(564,468)	(472,189)	(92,279)	(16)%
Contributions Reimbursements and Donations	2	(2,200,007)	(435,755)	(515,455)	79,700	18%
Profit on Asset Disposals		(51,230)	(12,808)	(34,614)	21,806	170%
Fees and Charges	3	(33,495,504)	(22,046,025)	(22,326,320)	280,295	1%
Investment Earnings	4	(3,654,070)	(931,353)	(1,355,991)	424,638	46%
Other Revenue/Income		(167,000)	(23,500)	-	(23,500)	(100)%
Total Operating Revenue		(120,398,732)	(102,169,883)	(102,758,467)	588,584	1%
OPERATING EXPENSES						
Employee Costs		52,088,573	13,357,652	13,295,825	61,827	0%
Materials and Contracts	5	45,254,280	10,906,175	9,913,806	992,369	9%
Utilities (gas, electricity, water etc.)	6	5,880,263	1,590,588	1,462,928	127,660	8%
Depreciation of Non-Current Assets		20,635,630	5,178,849	5,314,612	(135,763)	(3)%
Loss on Asset Disposal	7	340,409	85,102	13,681	71,421	84%
Interest Expenses		589,992	155,714	156,984	(1,270)	(1)%
Insurance Expenses		1,475,713	854,044	825,107	28,937	3%
Total Operating Expenses		126,264,859	32,128,124	30,982,943	1,145,181	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(70,041,759)	(71,775,524)	1,733,765	2%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(5,178,849)	(5,314,612)	135,763	3%
Loss on Asset Disposal		(340,409)	(85,102)	(13,681)	(71,421)	(84)%
Profit on Asset Disposals		51,230	12,808	34,614	(21,806)	(170)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(75,292,902)	(77,069,203)	1,776,301	2%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(8,247,704)	(2,193,351)	(1,753,271)	(440,080)	(20)%
Capital Contributions		(1,615,000)	-	(19,951)	19,951	100%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	(2,193,351)	(1,773,222)	(420,129)	(19)%
CAPITAL EXPENDITURE						
Capital Projects	9	3,672,657	905,767	130,381	775,386	86%
Capital Works	10	32,437,935	3,999,021	1,956,171	2,042,850	51%
Motor Vehicle Replacements	11	3,195,000	1,122,500	668,686	453,814	40%
Loan Repayment Principal		1,565,374	383,127	383,127	(0)	(0)%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	6,410,415	3,138,365	3,272,050	51%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	4,217,064	1,365,143	2,851,921	68%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(71,075,838)	(75,704,060)	4,628,222	7%
FUNDING						
Proceeds from Disposal		(774,100)	(193,525)	(167,555)	(25,970)	(13)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(60,000)	(60,000)	-	0%
Repayment from deposit held in Trust - Connolly Entry Statements		-	-	(9,830)	-	0%
Transfer from Reserve		(16,289,984)	-	-	-	0%
Transfer to Reserve		3,867,807	-	-	-	0%
Transfer to Accumulated Surplus		500,000	-	-	-	0%
Opening Funds		(2,650,015)	(2,650,015)	(4,394,441)	1,744,426	66%
CLOSING FUNDS	12	(99,280)	(73,979,378)	(80,335,886)	6,346,678	9%



Investment Summary

CITY OF JOONDALUP
September-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	5.20%	5.56%	\$ 17,800,000	14.30%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.29%	5.39%	\$ 17,400,000	13.98%	20%
AA-	A-1+	St George Bank Term Deposit	5.14%	5.27%	\$ 25,900,000	20.81%	20%
AA-	A-1+	Westpac Term Deposit	5.15%	5.23%	\$ 26,950,000	21.65%	20%
AA-	A-1+	NAB Term Deposit	5.20%	5.37%	\$ 20,750,000	16.67%	20%
A+	A-1	Suncorp Term Deposit	5.14%	5.20%	\$ 11,000,000	8.84%	15%
AA-	A-1+	Commonwealth Bank Term Deposit	4.49%	4.91%	\$ -	0.00%	20%
A-1+	AAA	WA Treasury Corporation 11AM	3.45%	3.45%	\$ 4,668,000	3.75%	20%

Total Investment Portfolio

5.11%

5.26%

124,468,000

100.00%

Municipal Funds

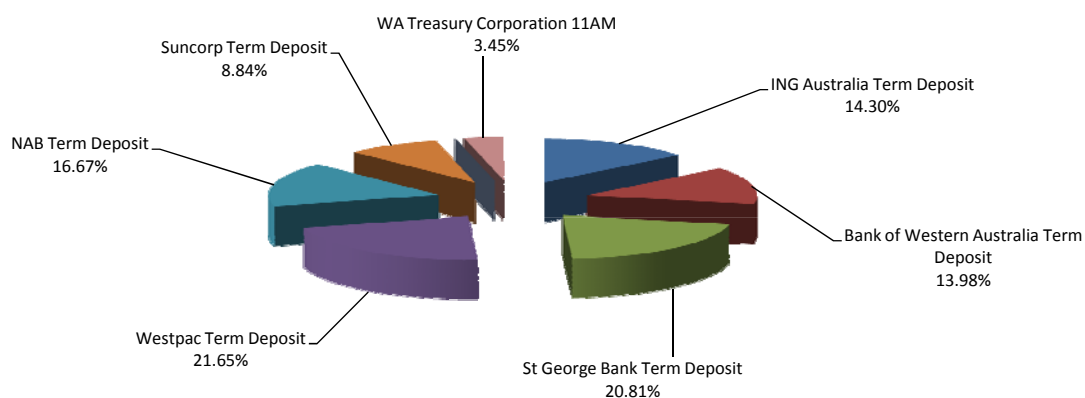
70,159,342

Reserve Funds

54,308,658

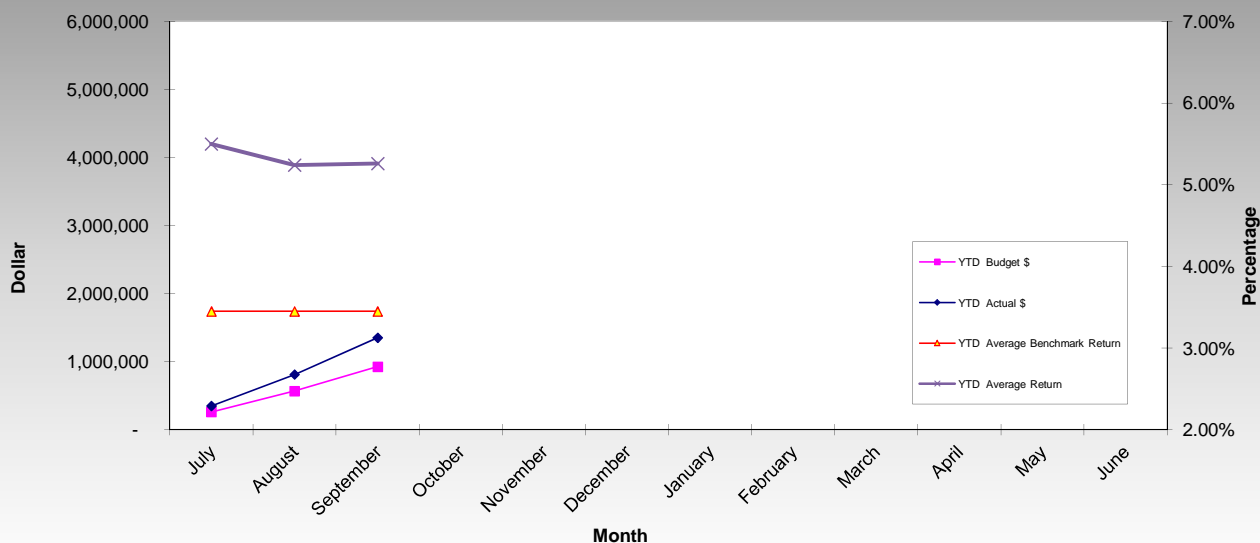
124,468,000

City of Joondalup - Investment Balances



Month	MTD Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	261,184	350,809	261,184	350,809	3.45%	5.50%
August	308,888	461,463	570,072	812,272	3.45%	5.24%
September	357,054	540,014	927,126	1,352,286	3.45%	5.26%

Return on Investments





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

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC - General Purpose Grant	\$434,525	\$409,982	(\$24,543)
b) Other Grants	\$129,943	\$62,207	(\$67,736)
	<u>\$564,468</u>	<u>\$472,189</u>	<u>(\$92,279)</u>

- a) The Financial Assistance Grant received is (\$24,543) less than budget for the period.
- b) An unfavourable variance arose for the Coastal Risk Assessment Grant (\$30,000) as the funding application was unsuccessful. In addition the quarterly Financial Counselling grant from the Department of Child Protection was received later than budget generating an unfavourable timing variance of (\$29,476).

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$58,125	\$5,990	(\$52,135)
b) Sale of Recyclables	\$287,217	\$404,519	\$117,302
c) Reimbursements and Donations	\$90,413	\$104,946	\$14,533
	<u>\$435,755</u>	<u>\$515,455</u>	<u>\$79,700</u>

- a) An unfavourable timing variance arose of (\$50,000) for Contributions from the Department of Education for the maintenance of school ovals under the shared use agreements which commenced in July 2012. The Contribution will not be received until June 2013.
- b) Recyclable revenue for the period exceeded budget due to an increase in income from commodity sales.
- c) To date Utility Charge reimbursements for Community Facilities are (\$41,532) below budget, approximately \$55,000 has been credited to Electricity and Water consumption in error and will be corrected in October (refer 10a6a and 10b6b below). This has been offset by favourable variances for Advertising Rebates \$28,466 and Other Reimbursements of \$27,453.



3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,877,300	\$17,895,574	\$18,274
b) Sports & Recreation Fees	\$1,806,417	\$1,901,667	\$95,250
c) Building and Development Fees	\$398,437	\$483,348	\$84,911
d) Other variances	\$1,963,871	\$2,045,731	\$81,860
	<u>\$22,046,025</u>	<u>\$22,326,320</u>	<u>\$280,295</u>

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

b) Revenue for the Leisure Centres exceeded budget by \$62,141 mainly due to higher aquatic admissions and strong term 4 enrolments for the Learn to Swim program. In addition, income for the Hire of Community Facilities and Parks is \$24,456 above budget mainly as a result of incorrect budget phasing.

c) Favourable variances arose for Building Licenses \$56,381, Development Application Fees \$30,026 and Land Purchase Enquiries \$18,256. These are partially offset by Other Building and Development Charges that are (\$20,259) below budget.

d) This favourable variance arose for Merchandise and Promotional Sales \$22,161 and Credit Card Surcharge \$16,450. The balance is spread across a number of areas.

4. Investment Earnings

Investment income exceeded budget by \$424,638 as the volume of funds invested is higher than budgeted.

5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$660,385	\$502,101	\$158,284
b) Furniture, Equipment and Artworks	\$471,331	\$280,872	\$190,459
c) Public Relations, Advertising and Promotions	\$268,304	\$195,430	\$72,874
d) Contributions and Donations	\$510,105	\$155,288	\$354,817
e) Other Materials	\$502,648	\$313,767	\$188,881
f) Waste Management Services	\$2,056,652	\$2,575,927	(\$519,275)
g) External Services Expenses	\$4,403,470	\$3,972,334	\$431,136
h) Charges and Recoveries	(\$99,022)	(\$153,650)	\$54,628
Other variances – not material	\$2,132,302	\$2,071,737	\$60,565
	<u>\$10,906,175</u>	<u>\$9,913,806</u>	<u>\$992,369</u>

a) Consultancy expenditure is \$148,369 below budget mainly due to the timing of projects. Consultants have been appointed to undertake a Flora, Fauna and Fungi survey at Edgewater Quarry and a Needs and Feasibility Study for a combined Library, Leisure and Community Centre at Percy Doyle.



- b) The favourable variance is primarily due to Computer & Communications Equipment Purchases \$61,694, this includes \$54,723 for the Notebook replacement order which is still being processed. Also favourable variance in Plant and Equipment Purchases (minor) \$63,326 arose predominantly due to the timing of the procurement of waste collection bins which are forecast to be received in October.

The balance includes favourable variances for Parking Ticket Machine maintenance \$32,716, Hire of Equipment \$15,149 and Furniture and Office Equipment Purchases \$14,403. These are offset by an unfavourable variance for several items of CCTV maintenance and repair in several locations totalling (\$20,389).

- c) The favourable variance includes Advertising \$53,511, mainly due to a delay in advertising the Local Commercial Strategy \$31,250 which will conclude in October, Catering \$12,778 and Promotions \$8,458.
- d) Contributions to Churches of Christ for the operating cost deficit of the Warwick Leisure Centre are \$132,500 below budget. Final invoices for 2011/12 totalling \$68,969 will be processed in October. In addition a favourable timing variance arose for other contributions of \$144,337 including contributions for Sea Rescue and Surf Clubs that are yet to be paid.

The balance of the variance is mainly attributable to other timing differences including Sponsorship \$48,333, which includes the annual Constable Care Sponsorship now forecast for October, and Lotterywest Emergency Relief Payments \$15,000.

- e) Waste Management expenditure is \$43,286 below budget as the replacement of litter bins in public places is yet to occur. In addition favourable variances for material purchases have arisen for Operation Services \$58,615 and Building Maintenance \$78,764.
- f) The Materials Recovery Facility operating costs are (\$168,017) above budget estimates. In addition bulk waste collection is (\$355,980) over budget due to higher tonnages collected than budgeted.
- g) External Contractor Service expenditure for the City is \$773,217 below budget predominantly due to timing variances in Operation Services \$501,005, Building Maintenance \$115,323 and Infrastructure Inventory Data Collection \$90,000. Orders have been raised for budgeted work, which is now progressing.

This also includes Domestic and Bulk Tipping Fees unfavourable variance of (\$375,983) due to increases in tonnages collected.

- h) Capital Overhead Recoveries are \$46,816 higher than budget due to the timing of using internal labour on capital work.



6. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,458,362	\$1,360,057	\$98,305
b) Gas / Water	\$132,226	\$102,871	\$29,355
	<u>\$1,590,588</u>	<u>\$1,462,928</u>	<u>\$127,660</u>

a) This favourable variance includes approximately \$48,000 for electricity reimbursements that should have been charged to revenue (refer 3c above) and the balance is due to actual costs being lower than budget across a number of areas.

b) Reimbursements of \$7,314 for Water consumption are to be transferred to revenue (refer 3c above). In addition Water consumption for City facilities is \$25,317 below budget.

7. Loss on Asset Disposal

This variance is due to the actual disposal of assets occurring later than estimated in the budget as a result of Fleet and Plant replacements being purchased later than planned in the budget.

8. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation/Resurfacing Program	\$1,281,084	\$1,005,004	(\$276,080)
b) Blackspot Projects	\$325,600	\$139,600	(\$186,000)
Other – not material	\$586,667	\$608,667	\$22,000
	<u>\$2,193,351</u>	<u>\$1,753,271</u>	<u>(\$440,080)</u>

a) This variance includes the State Local Roads Grant which is (\$54,206) less than budget and an unfavourable timing variance for the Roads to Recovery grant of (\$258,720).

b) The first 40% grant claims for Blackspot projects for Oceanside Parade (\$60,800), Whitfords Avenue / Eddystone Avenue (\$77,600) and Endeavour Road (\$73,600) are still to be processed. In addition, Candlewood Boulevard will now be fully funded by grant, creating a favourable variance of \$26,000.



9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$533,150	\$33,279	\$499,871
b) Joondalup Performing Arts & Cultural Facility	\$161,850	\$31,680	\$130,170
c) Cafes / Restaurants / Kiosks	\$60,267	\$7,725	\$52,542
d) Survey Equipment	\$45,000	-	\$45,000
Other Projects – not material	\$105,500	\$57,697	\$47,803
	<u>\$905,767</u>	<u>\$130,381</u>	<u>\$775,386</u>

a) In collaboration with consultants, the City is re-evaluating the optimal approach to obtaining environmental and planning approval.

b) The City is reviewing the work undertaken prior to acceptance and then submission of invoices by the consultant.

c) Progress on this project is pending decision at Committee and Council level.

d) The Survey Equipment has been received and the invoice will be processed in October.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$905,085	\$736,203	\$168,882
b) Stormwater Drainage Program	\$65,000	\$161,750	(\$96,750)
c) Traffic Management Program	\$57,000	\$116,139	(\$59,139)
d) Parks Development Program	\$10,000	\$82,780	(\$72,780)
e) Major Projects Program	\$920,000	\$211,696	\$708,304
f) Parking Facilities Program	\$60,000	\$172,910	(\$112,910)
g) Major Building Works Program	\$354,027	\$151,434	\$202,593
h) Major Road Construction	\$1,180,000	\$9,993	\$1,170,007
i) Paths Program	\$244,000	\$42,001	\$201,999
Other Works variances - not material	\$203,909	\$271,265	(\$67,356)
	<u>\$3,999,021</u>	<u>\$1,956,171</u>	<u>\$2,042,850</u>

a) The Road Preservation & Resurfacing Program is progressing. Trappers Drive is complete however final invoices are yet to be received. In addition Aerolite Way has been completed ahead of schedule.

b) This variance is due to expenditure on projects that are funded from 2011/12 carry forward funds, including Periwinkle Park (\$22,037), Ellersdale Park (\$22,352), Kingsley Drive (\$33,995) and Craigie Sump (\$29,486).



- c) This variance is mainly due to expenditure on projects that are funded from 2011/12 carry forwards including Illyarrie / Tuart Road (\$52,966).
- d) Unfavourable variances arose for Carlton Park (\$42,230) and Parkside Park (\$5,000) which are to be funded from 2011/12 carry forward funds, the projects are due to be completed by the end of October and November. Stage one of the landscape and irrigation upgrade at Iluka SAR is complete with an unfavourable variance of (\$32,730) of which \$23,816 will be funded from 2011/12 carry forwards.
- e) This favourable timing variance is due to Currambine Community Centre \$590,890 where work is due to commence early October and Tom Simpson Park \$117,783 which is forecast to be complete in January 2013.
- f) An unfavourable variance of (\$148,593) has arisen for the construction of an additional car park at Sacred Heart College, this is funded from 2011/12 carry forwards. In addition the Currambine Primary School project has commenced behind budget phasing, generating a favourable timing variance to budget of \$35,683.
- g) Projects are progressing behind budget phasing generating favourable timing variances to budget. This includes Joondalup Administration Centre replacement carpets \$115,000 due for completion January 2013, Hazardous Materials Management \$42,573 and Compliance Access and Inclusion Works \$25,000 which is currently in the design phase.
- h) A favourable timing variance of \$1,172,609 arose for the Moore Drive (East) project, the project is progressing on schedule and progress payments will be processed in October.
- i) This variance is mainly due to Connolly Drive Recreational Shared Use Path \$166,169, which is now forecast to be completed in October. Also Gleddon Way \$47,000 for which the public Consultation outcome was unfavourable and is yet to be reported to Elected Members.

11. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$551,519 and a saving of \$120,000 for a vehicle that was actually purchased in 2011/12. This is partially offset by fleet purchases (\$238,018) which are funded from 2011/12 carry forwards.

Orders totalling \$1,205,798 have been placed and are scheduled for delivery in the coming months.



12. Closing Funds

	June 2012	September 2012
Current Assets		
Cash Assets	\$74,807,969	\$124,488,636
Rates and Sundry Debtors	\$1,818,801	\$35,665,165
GST Receivable	\$729,744	\$544,160
Accrued Income	\$1,503,567	\$1,202,774
Advances and Prepayments	\$514,040	\$286,850
	\$79,374,121	\$162,187,585
Less: Current Liabilities		
Creditors	(\$2,915,452)	(\$162,791)
Sundry Payables	(\$279,059)	(\$10,730,312)
Provisions - Annual Leave	(\$3,402,016)	(\$3,608,907)
Provisions - Other	(\$5,618,870)	(\$6,236,303)
Accrued Expenses	(\$5,238,139)	(\$4,577,272)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,374)	(\$1,182,247)
GST Payable	(\$116,874)	(\$111,278)
	(\$20,240,801)	(\$26,609,110)
Net Current Assets	\$59,133,320	\$135,578,475
Add: Borrowings	\$1,565,374	\$1,182,247
Less: Reserves	(\$54,528,866)	(\$54,528,866)
Less: Non-current Provision	(\$1,850,357)	(\$1,970,941)
Closing Funds - Surplus	\$4,319,471	\$80,260,915
Add/(less): Other non-current adjustments	\$74,970	\$74,970
Adjusted Closing Funds - Surplus	\$4,394,441	\$80,335,885