



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 August 2012

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(78,074,305)	(78,021,938)	(52,367)	(0)%
Grants and Subsidies	1	(2,231,117)	(537,688)	(62,207)	(475,481)	(88)%
Contributions Reimbursements and Donations	2	(2,200,007)	(321,042)	(427,023)	105,981	33%
Profit on Asset Disposals	3	(51,230)	-	(29,465)	29,465	100%
Fees and Charges	4	(33,495,504)	(20,554,965)	(20,839,068)	284,103	1%
Investment Earnings	5	(3,654,070)	(570,729)	(815,062)	244,333	43%
Other Revenue/Income		(167,000)	(667)	-	(667)	(100)%
Total Operating Revenue		(120,398,732)	(100,059,396)	(100,194,763)	135,367	0%
OPERATING EXPENSES						
Employee Costs	6	52,088,573	9,394,987	9,511,354	(116,367)	(1)%
Materials and Contracts	7	45,254,280	7,300,693	6,149,628	1,151,065	16%
Utilities (gas, electricity, water etc.)	8	5,880,263	1,101,881	998,355	103,526	9%
Depreciation of Non-Current Assets	9	20,635,630	3,467,180	3,545,488	(78,308)	(2)%
Loss on Asset Disposal		340,409	-	109	(109)	(100)%
Interest Expenses		589,992	103,809	108,979	(5,170)	(5)%
Insurance Expenses		1,475,713	853,361	819,161	34,200	4%
Total Operating Expenses		126,264,859	22,221,911	21,133,074	1,088,837	5%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(77,837,485)	(79,061,689)	1,224,204	2%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(3,467,180)	(3,545,488)	78,308	2%
Loss on Asset Disposal		(340,409)	-	(109)	109	(100)%
Profit on Asset Disposals		51,230	-	29,465	(29,465)	100%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(81,304,665)	(82,577,821)	1,273,156	2%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	10	(8,247,704)	(1,934,632)	(1,536,633)	(397,999)	(21)%
Capital Contributions		(1,615,000)	-	-	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	(1,934,632)	(1,536,633)	(397,999)	0%
CAPITAL EXPENDITURE						
Capital Projects	11	3,672,657	589,868	90,123	499,745	85%
Capital Works	12	32,437,935	2,083,028	968,103	1,114,925	54%
Motor Vehicle Replacements	13	3,195,000	991,000	419,849	571,151	58%
Loan Repayment Principal		1,565,374	186,092	186,092	(0)	(0)%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	3,849,988	1,664,167	2,185,821	57%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	1,915,356	127,534	1,787,822	93%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(79,389,309)	(82,450,287)	3,060,978	4%
FUNDING						
Proceeds from Disposal		(774,100)	(129,017)	(72,373)	(56,644)	(44)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(40,000)	(40,000)	-	-
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	14	(99,280)	(82,208,341)	(86,966,931)	4,748,760	6%



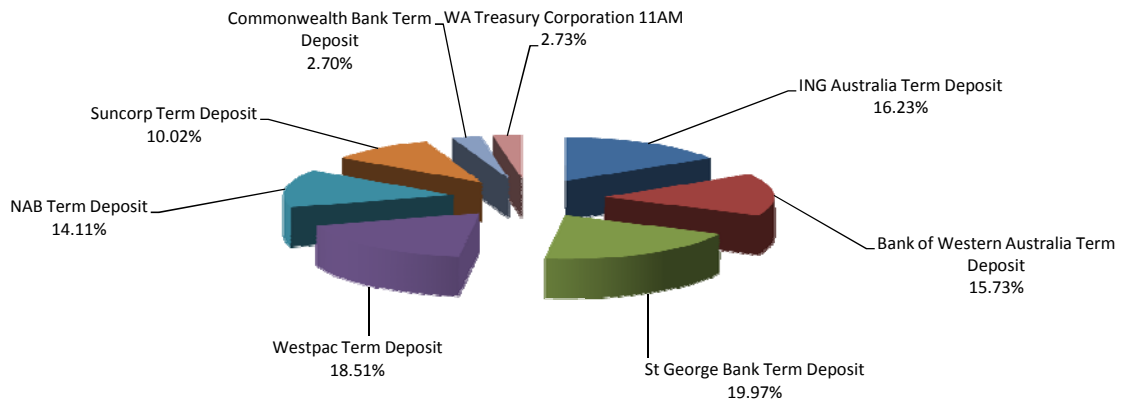
Investment Summary

CITY OF JOONDALUP
August-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	5.54%	5.76%	\$ 21,050,000	16.23%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.35%	5.46%	\$ 20,400,000	15.73%	20%
AA-	A-1+	St George Bank Term Deposit	5.28%	5.41%	\$ 25,900,000	19.97%	20%
AA-	A-1+	Westpac Term Deposit	5.19%	5.28%	\$ 24,000,000	18.51%	20%
AA-	A-1+	NAB Term Deposit	5.43%	5.49%	\$ 18,300,000	14.11%	20%
A+	A-1	Suncorp Term Deposit	5.15%	5.23%	\$ 13,000,000	10.02%	15%
AA-	A-1+	Commonwealth Bank Term Deposit	4.49%	5.19%	\$ 3,500,000	2.70%	20%
A-1+	AAA	WA Treasury Corporation 11AM	3.45%	3.45%	\$ 3,538,000	2.73%	20%

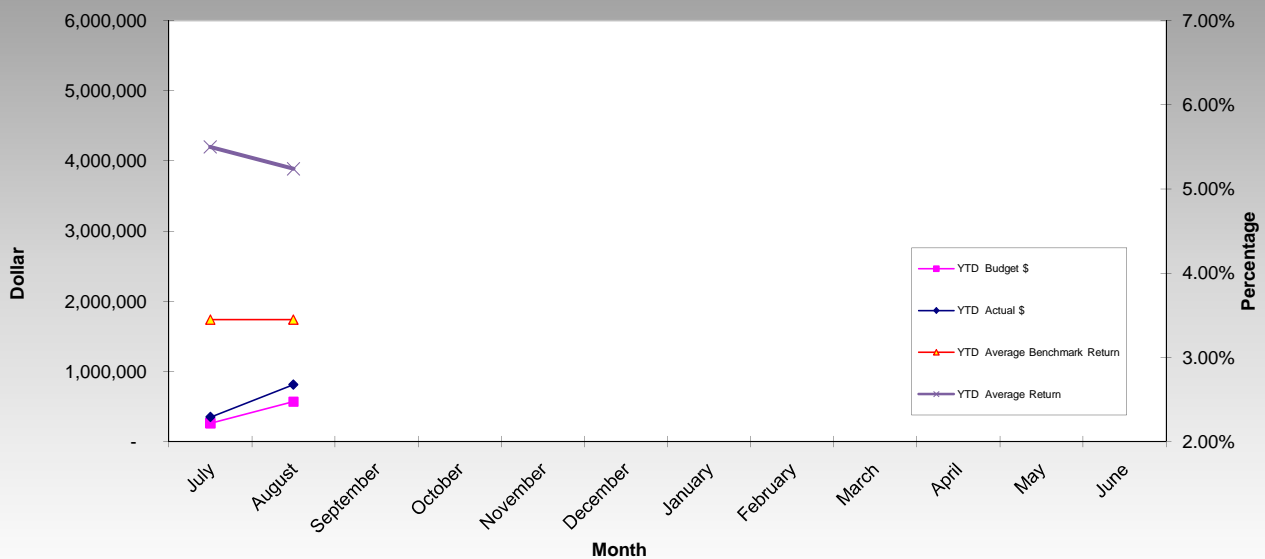
Total Investment Portfolio	5.24%	5.37%	129,688,000	100.00%	
Municipal Funds			75,331,377		
Reserve Funds			54,356,623		
			129,688,000		

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%

Return on Investments





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

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC - General Purpose Grant	\$434,525	-	(\$434,525)
b) Other Grants	\$103,163	\$62,207	(40,956)
	<u>\$537,688</u>	<u>\$62,207</u>	<u>(\$475,481)</u>

- a) The Commonwealth is yet to approve the Financial Assistance Grants generating an unfavourable timing variance of (\$434,525).
- b) An unfavourable variance arose for the Coastal Risk Assessment Grant (\$30,000) due to the funding application being unsuccessful.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$55,417	\$2,272	(\$53,145)
b) Sale of Recyclables	\$191,478	\$373,445	\$181,967
c) Reimbursements and Donations	\$74,147	\$51,306	(\$22,841)
	<u>\$321,042</u>	<u>\$427,023</u>	<u>\$105,981</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; however, revenue will not be received until June 2013.
- b) The City received final invoices in the period for Recyclable revenue for the prior financial year. These exceeded the accrued amount by \$171,953.
- c) To date Utility Charge reimbursements for Community Facilities are (\$24,018) below budget of which \$7,314 has been credited to Water consumption in error (ref 8b below).

3. Profit on Asset Disposals

This variance is due to assets being disposed in the period that were budgeted to be disposed of in the previous financial year.



4. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,840,853	\$17,896,937	\$56,084
b) Sports & Recreation Fees	\$1,106,858	\$1,214,838	\$107,980
c) Building and Development Fees	\$262,975	\$332,029	\$69,054
d) Other variances	\$1,344,279	\$1,395,264	\$50,985
	<u>\$20,554,965</u>	<u>\$20,839,068</u>	<u>\$284,103</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 \$78,838 mainly due to higher aquatic admissions and strong term 3 enrolments for the Learn to Swim program. In addition, income for the Hire of Community Facilities and Parks is \$21,762 above budget.
- c) Favourable variances arose for Building Licenses \$44,815, Development Application Fees \$23,997 and Land Purchase Enquiries \$13,774. These are partially offset by Other Building and Development Charges that are (\$13,559) below budget.
- d) This favourable variance includes Property Rental \$19,879 and Credit Card Surcharge \$15,347. The balance is spread across a number of areas.

5. Investment Earnings

Investment income exceeded budget by \$244,333 as the volume of funds invested is higher than budgeted.

6. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$8,504,915	\$8,662,653	(\$157,738)
b) Other Employment Costs	\$890,072	\$848,701	\$41,371
	<u>\$9,394,987</u>	<u>\$9,511,354</u>	<u>(\$116,367)</u>

- a) The Provision for Employee Entitlements is (\$506,374) higher than budget and is dependent on when employees take their annual and long service leave. This is partially offset by a favourable variance of \$348,636 for vacancies and savings in a number of areas.
- b) Capital Labour Recoveries are \$77,929 higher than budget due to the timing of using internal labour on capital work. Other Employment costs are over budget in a number of areas including Agency Employees (\$11,848), Staff Training (\$8,548) and Study Assistance (\$8,566).

7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$487,828	\$381,588	\$106,240
b) Accommodation & Property	\$199,488	\$109,958	\$89,530
c) Public Relations, Advertising and Promotions	\$180,433	\$110,897	\$69,536
d) Contributions and Donations	\$272,743	\$152,246	\$120,497
e) Computing	\$331,126	\$281,345	\$49,781
f) Travel, Vehicles & Plant	\$284,400	\$247,250	\$37,150
g) Other Materials	\$365,221	\$168,362	\$196,859
h) Waste Management Services	\$1,371,102	\$1,424,035	(\$52,933)
i) External Services Expenses	\$2,953,536	\$2,549,440	\$404,096
j) Charges and Recoveries	(\$66,015)	(\$119,606)	\$53,591
Other variances – not material	\$920,831	\$844,113	\$76,718
	<u>\$7,300,693</u>	<u>\$6,149,628</u>	<u>\$1,151,065</u>

- a) Consultancy expenditure is \$72,377 below budget mainly due to the timing of projects. Quotes are currently being assessed for the appointment of consultants to undertake the site analysis reports for Edgewater Quarry and Percy Doyle. In addition Legal Expenses are \$28,316 below budget.
- b) Favourable timing variances have arisen for the lease of the Works Operation Centre \$22,222 because the August invoice was not received, Refuse Removal charges \$14,217 and Tamala Park rates \$31,973. A favourable variance arose for Water Rates on City properties \$43,939 which have been charged to consumption in error (ref 8b below) offset by an unfavourable budget phasing variance of (\$24,745).
- c) This favourable variance includes Advertising \$42,496, mainly due to a delay in advertising the Local Commercial Strategy, Promotions \$14,209 and Signage \$11,456.
- d) Contributions to Churches of Christ for the operating cost deficit of the Warwick Leisure Centre are \$26,599 below budget. The balance of the variance is mainly attributable to timing differences including Sponsorship \$49,167, which includes the annual Constable Care Sponsorship now forecast for September, Grant Disbursements \$22,500 and the Community Funding Program \$12,500.
- e) Computer Software Licences are \$27,943 below budget mainly due to the rescheduling of Planning and Project Management projects that will now be completed later than originally budgeted. Favourable variances also arose on Data Communication Links \$9,247 and Internet Provider Costs \$5,624.
- f) This favourable variance is predominantly due to Vehicle Servicing Costs and Parts and Repairs which are \$40,029 below budget.
- g) Waste Management expenditure is \$48,894 below budget predominantly due to an order that is yet to be placed for the replacement of litter bins in public places. In



addition favourable variances for material purchases have arisen for Operation Services \$76,464, Building Maintenance \$57,383 and Craigie Leisure Centre Trading Stock \$16,141.

- h) The Materials Recovery Facility operating costs are \$70,520 below budget estimates. This is offset by domestic, bulk and weekend green waste collection costs which are (\$123,453) over budget mainly due to higher bulk tonnages collected than budgeted.
- i) External Contractor Service expenditure for the City is \$682,022 below budget predominantly due to timing variances including Operation Services \$476,154, Building Maintenance \$110,605 and Infrastructure Inventory Data Collection \$90,000. Orders have been raised for budgeted work which is now progressing.

This variance also includes Domestic and Bulk Tipping Fees which are (\$292,122) over budget for the period.

- j) Capital Overhead Recoveries are \$47,240 higher than budget due to the timing of using internal labour on capital work.

8. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$975,636	\$867,364	\$108,272
b) Gas / Water	\$126,245	\$130,991	(\$4,746)
	<u>\$1,101,881</u>	<u>\$998,355</u>	<u>\$103,526</u>

- a) This favourable variance is predominantly due to incorrect phasing of the budget that will correct itself over the coming months.
- b) Annual Water Rates for City properties have been charged to Water consumption in error creating an unfavourable variance of (\$43,939), this is partially offset by reimbursements for Water consumption \$7,314 which are to be transferred to revenue next month. In addition Water consumption for City facilities is \$33,320 below budget.

9. Depreciation of Non-Current Assets

Depreciation is over budget on Property, Plant and Equipment Assets (\$78,308) as a result of assets that were capitalised at the end of the previous financial year.

10. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation/Resurfacing Program	\$1,022,365	\$788,366	(\$233,999)
b) Blackspot Projects	\$325,600	\$139,600	(\$186,000)
Other – not material	\$586,667	\$608,667	\$22,000
	<u>\$1,934,632</u>	<u>\$1,536,633</u>	<u>(\$397,999)</u>



- a) The Commonwealth is yet to approve the State Local Roads Grant causing an unfavourable timing variance of (\$270,845).
- 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.

11. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$358,351	\$24,961	\$333,390
b) Joondalup Performing Arts & Cultural Facility	\$116,000	\$20,626	\$95,374
c) Survey Equipment	\$45,000	-	\$45,000
Other Projects – not material	\$70,517	\$44,536	\$25,981
	<u>\$589,868</u>	<u>\$90,123</u>	<u>\$499,745</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) An order for the Survey Equipment has been placed.

12. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$603,390	\$248,085	\$355,305
b) Stormwater Drainage Program	\$20,000	\$84,847	(\$64,847)
c) Traffic Management Program	\$6,000	\$69,183	(\$63,183)
d) Parks Development Program	-	\$73,419	(\$73,419)
e) Major Projects Program	\$460,000	\$169,987	\$290,013
f) Parking Facilities Program	\$60,000	\$123,746	(\$63,746)
g) Major Building Works Program	\$96,547	(\$5,438)	\$101,985
h) Major Road Construction	\$650,000	\$9,185	\$640,815
i) Paths Program	\$85,000	\$25,184	\$59,816
Other Works variances - not material	\$102,091	\$169,905	(\$67,814)
	<u>\$2,083,028</u>	<u>\$968,103</u>	<u>\$1,114,925</u>

- a) The Road Preservation & Resurfacing Program is progressing. Leeway Drive and Hawker Avenue are complete however final invoices are yet to be received. In addition Trappers Drive is forecast for completion in October.



- 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 (\$28,199) and Craigie Sump (\$12,380).
- c) This variance is mainly due to expenditure on projects that are funded from 2011/12 carry forwards including Illyarrie / Tuart Road (\$32,588). Some projects have commenced earlier than budgeted including Ocean Reef Road / Edgewater Drive intersection generating an unfavourable timing variance of (\$31,169).
- d) Carlton Park has an unfavourable variance of (\$42,230), which is to be funded from 2011/12 carry forward funds, the project is due to be completed by the end of October. Stage one of the landscape and irrigation upgrade at Iluka SAR is complete generating an unfavourable variance of (\$31,189) of which \$23,816 will be funded from 2011/12 carry forwards.
- e) This favourable timing variance is due to Currambine Community Centre \$251,620 with work due to commence early October and Tom Simpson Park \$38,695 which is forecast to be complete in January 2013.
- f) An unfavourable variance of (\$100,119) has arisen for the construction of an additional car park at Sacred Heart College, this will be funded from 2011/12 carry forwards. In addition the Currambine Primary School project has commenced, generating a favourable timing variance to budget of \$36,373.
- g) Projects are progressing behind budget phasing generating favourable timing variances to budget including Joondalup Administration Centre replacement carpets \$15,000 due for completion January 2013, Hazardous Materials Management \$21,324 which is awaiting quotes and Compliance Access and Inclusion \$12,292.
- h) A favourable timing variance of \$643,417 arose for the Moore Drive (East) project, the project is progressing on schedule with commitments totalling \$3,524,579.
- i) This variance is mainly due to Connolly Drive Recreational Shared Use Path \$85,000 with the completion date now forecast for October.

13. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$651,639 and a saving of \$120,000 for a vehicle that was actually purchased in 2011/12. This is partially offset by fleet purchases (\$207,018) which are funded from 2011/12 carry forwards.

Orders totalling \$1,132,240 have been placed and are scheduled for delivery in the coming months.



14. Closing Funds

	June 2012	August 2012
Current Assets		
Cash Assets	\$74,807,969	\$129,915,983
Rates and Sundry Debtors	\$1,818,801	\$42,196,176
GST Receivable	\$729,744	\$476,104
Accrued Income	\$1,503,567	\$1,132,520
Advances and Prepayments	\$514,040	\$276,630
	\$79,374,121	\$173,997,413
Less: Current Liabilities		
Creditors	(\$2,915,452)	(\$622,533)
Sundry Payables	(\$279,059)	(\$15,247,393)
Provisions - Annual Leave	(\$3,402,016)	(\$3,603,629)
Provisions - Other	(\$5,618,870)	(\$6,165,936)
Accrued Expenses	(\$5,238,139)	(\$4,801,041)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,374)	(\$1,379,282)
GST Payable	(\$116,874)	(\$197,303)
	(\$20,240,801)	(\$32,017,117)
Net Current Assets	\$59,133,320	\$141,980,296
Add: Borrowings	\$1,565,374	\$1,379,282
Less: Reserves	(\$54,528,866)	(\$54,528,866)
Less: Non-current Provision	(\$1,850,357)	(\$1,938,751)
Closing Funds - Surplus	\$4,319,471	\$86,891,961
Add/(less): Other non-current adjustments	\$74,970	\$74,970
Adjusted Closing Funds - Surplus	\$4,394,441	\$86,966,931