



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 January 2013

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City of Joondalup
Financial Activity Statement
for the period ended 31 January 2013

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(77,333,904)	(77,241,456)	(77,340,161)	98,705	0%
Grants and Subsidies	1	(2,231,117)	(1,166,905)	(1,052,633)	(114,272)	(10)%
Contributions Reimbursements and Donations	2	(2,200,007)	(1,234,362)	(1,332,230)	97,868	8%
Profit on Asset Disposals		(51,230)	(25,615)	(44,627)	19,012	74%
Fees and Charges	3	(34,148,404)	(28,058,249)	(28,739,540)	681,291	2%
Interest Earnings	4	(4,267,070)	(2,929,310)	(3,915,170)	985,860	34%
Other Revenue/Income	5	(167,000)	(118,833)	(76,790)	(42,043)	(35)%
Total Operating Revenue		(120,398,732)	(110,774,730)	(112,501,151)	1,726,421	2%
OPERATING EXPENSES						
Employee Costs	6	52,088,573	31,432,878	30,978,640	454,238	1%
Materials and Contracts	7	45,254,280	26,976,054	25,334,873	1,641,181	6%
Utilities (gas, electricity, water etc.)		5,880,263	3,432,707	3,439,458	(6,751)	(0)%
Depreciation of Non-Current Assets	8	20,635,630	12,090,660	14,057,127	(1,966,467)	(16)%
Loss on Asset Disposal	9	340,409	170,205	107,038	63,167	37%
Interest Expenses		589,992	354,264	352,316	1,948	1%
Insurance Expenses	10	1,475,713	1,466,554	1,407,924	58,630	4%
Total Operating Expenses		126,264,860	75,923,322	75,677,376	245,946	0%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(34,851,408)	(36,823,775)	1,972,367	6%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(12,090,660)	(14,057,127)	1,966,467	16%
Loss on Asset Disposal		(340,409)	(170,205)	(107,038)	(63,167)	(37)%
Profit on Asset Disposals		51,230	25,615	44,627	(19,012)	(74)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(47,086,658)	(50,943,313)	3,856,655	8%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(8,247,704)	(3,387,992)	(3,119,708)	(268,284)	(8)%
Capital Contributions		(1,615,000)	-	(18,177)	18,177	100%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	(3,387,992)	(3,137,885)	(250,107)	(7)%
CAPITAL EXPENDITURE						
Capital Projects	12	3,672,657	2,174,300	732,550	1,441,750	66%
Capital Works	13	32,437,935	15,065,474	12,657,221	2,408,253	16%
Motor Vehicle Replacements	14	3,195,000	1,474,500	1,270,455	204,045	14%
Loan Repayment Principal		1,565,374	796,091	796,091	0	0%
Equity Investments		37,431	18,715	18,385	330	0%
Total Capital Expenditure		40,908,397	19,529,080	15,474,702	4,054,378	21%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	16,141,088	12,336,817	3,804,271	24%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(30,945,570)	(38,606,496)	7,660,926	25%
FUNDING						
Proceeds from Disposal		(774,100)	(451,558)	(415,888)	(35,670)	(8)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(140,000)	(120,000)	(20,000)	(14)%
Repayment from deposit held in Trust - Connolly Entry Statements		-	-	(9,830)	9,830	100%
Prior year adj - Transfer from Capital to Operating		-	-	(9,462)	9,462	100%
Transfer from Reserve		(16,289,984)	-	-	-	0%
Transfer to Reserve		3,867,807	-	42,189	(42,189)	100%
Transfer to Accumulated Surplus		500,000	-	-	-	0%
Opening Funds		(2,650,015)	(2,650,015)	(3,648,445)	998,430	38%
CLOSING FUNDS	15	(99,280)	(34,187,143)	(42,767,933)	8,580,790	25%



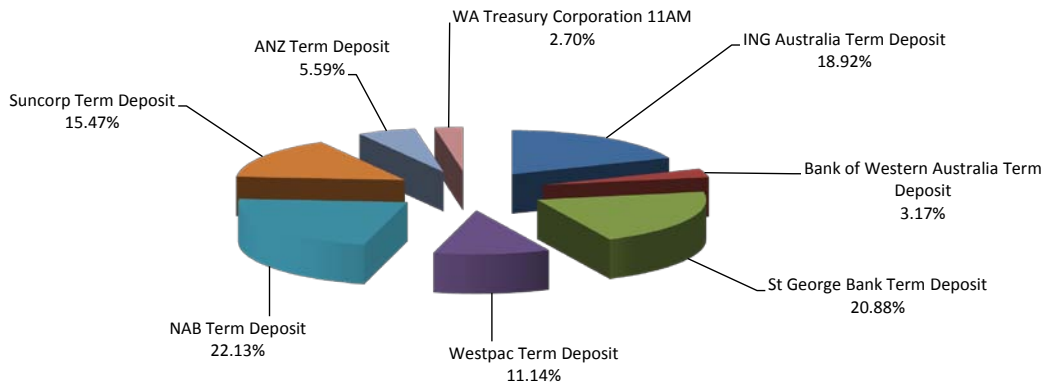
Investment Summary

CITY OF JOONDALUP
January-13

Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A	A-1	ING Australia Term Deposit	5.12%	5.29%	20,300,000.00	18.92%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.10%	5.28%	3,400,000.00	3.17%	20%
AA-	A-1+	St George Bank Term Deposit	5.08%	5.16%	22,400,000.00	20.88%	20%
AA-	A-1+	Westpac Term Deposit	4.88%	5.13%	11,950,000.00	11.14%	20%
AA-	A-1+	NAB Term Deposit	4.70%	4.98%	23,750,000.00	22.13%	20%
A+	A-1	Suncorp Term Deposit	4.68%	5.02%	16,600,000.00	15.47%	15%
AA-	A-1+	ANZ Term Deposit	4.54%	4.54%	6,000,000.00	5.59%	20%
A-1+	AAA	WA Treasury Corporation 11AM	2.95%	3.25%	2,898,000.00	2.70%	20%
Total Investment Portfolio			4.82%	5.10%	107,298,000	100.00%	

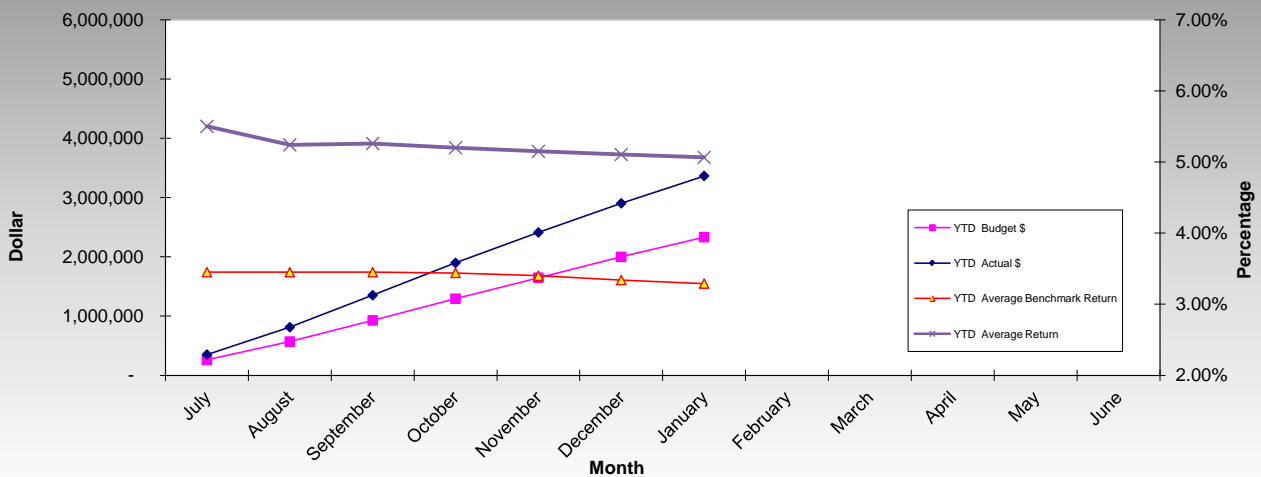
Municipal Funds	53,430,025
Reserve Funds	53,867,975
	107,298,000

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%
October	365,840	544,974	1,292,966	1,897,260	3.44%	5.20%
November	354,148	513,054	1,647,114	2,410,314	3.40%	5.15%
December	352,095	492,688	1,999,209	2,903,002	3.34%	5.10%
January	333,307	461,227	2,332,516	3,364,229	3.29%	5.06%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 JANUARY 2013

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC - General Purpose Grant	\$869,049	\$819,964	(\$49,085)
b) Other Grants	\$297,856	\$232,669	(\$65,187)
	<u>\$1,166,905</u>	<u>\$1,052,633</u>	<u>(\$114,272)</u>

- a) The Financial Assistance Grant received is (\$49,085) less than budget for the period.
- b) This unfavourable variance includes (\$30,000) due to an unsuccessful application for a Coastal Risk Assessment Grant, as well as unfavourable timing variances in respect of grants for various festivals (\$14,125) partly offset by favourable timing variances of \$11,188 for Financial Counselling grants. An additional unfavourable variance of (\$25,000) is in respect of State Local Road Grants, following the City's final allocation for this financial year.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions and Sponsorships	\$75,958	\$90,505	\$14,547
b) Sale of Recyclables	\$813,783	\$847,006	\$33,223
c) Reimbursements and Donations	\$344,621	\$394,719	\$50,098
	<u>\$1,234,362</u>	<u>\$1,332,230</u>	<u>\$97,868</u>

- a) A favourable timing variance of \$60,040 arose on sponsorships for various events received earlier than expected, offset by unfavourable timing variance 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, that will not be received until June 2013.
- b) Recyclable revenue for the period exceeded budget due to higher than anticipated volumes of recycled commodities sold.
- c) The City received an unbudgeted reimbursement of \$42,189 for Town Planning Scheme No. 10 that has been placed in reserve. The balance of the variance is spread across a number of areas.

3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,882,300	\$17,954,708	\$72,408
b) Sports & Recreation Fees	\$4,360,973	\$4,794,317	\$433,344
c) Building and Development Fees	\$941,687	\$1,103,822	\$162,135
Other variances	\$4,873,289	\$4,886,693	\$13,404
	<u>\$28,058,249</u>	<u>\$28,739,540</u>	<u>\$681,291</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 \$402,975 mainly due to higher aquatic admissions, significantly high swim school enrolments and receipt of Court Sport Revenue for the summer sports season earlier than budgeted.
- c) Favourable variances arose for Building Licenses \$121,673, Development Application Fees \$50,019 and Land Purchase Enquiries \$27,127. These are partially offset by Other Building and Development Charges that are (\$36,684) below budget.

4. Interest Earnings

Interest income exceeded budget by \$985,860 mainly as the volume of funds invested is higher than budgeted due to lower than expected cash outflows, particularly with respect to capital expenditure.

5. Other Revenue

The variance is mainly related to a timing difference \$51,519 in respect of anticipated insurance rebates that have not yet materialised. This is offset by \$12,552 in additional advertising revenue from Adshel. The balance of the variance pertains to lower than anticipated supplier discounts.

6. Employee Costs

The variance in employee costs is driven by \$679,283 in savings caused by vacancies, that is partly offset by (\$247,101) in additional overtime costs, predominantly in parks and engineering operations.

7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$1,472,683	\$1,127,469	\$345,214
b) Furniture, Equipment and Artworks	\$1,118,775	\$905,424	\$213,351
c) External Service Expenses	\$11,741,416	\$11,098,049	\$643,367
d) Contributions and Donations	\$1,250,676	\$962,221	\$288,455
e) Waste Management Services	\$5,524,087	\$5,747,289	(\$223,202)
f) Public Relations and Advertising	\$712,658	\$507,065	\$205,593
Other Materials and Contracts	\$5,155,759	\$4,987,356	\$168,403
	<u>\$26,976,054</u>	<u>\$25,334,873</u>	<u>\$1,641,181</u>

a) Consultancy expenditure is \$308,318 below budget mainly due to the timing of projects including Percy Doyle Master Plan and Property Valuations. Additional favourable variances include Lodgement Fees \$39,457, due to a combination of outstanding invoices and fewer infringements issued, and Legal expenses \$24,964.

b) A favourable variance arose for Computer & Communications Equipment Purchases \$93,765, which includes \$91,340 for the Notebook replacement order that is still being processed. In addition a favourable timing variance arose for the Hire of Equipment \$21,950, which includes \$13,469 for gym equipment, \$5,247 for the Little Feet Festival and for other various events.

The remainder includes favourable timing variances for Parking Ticket Machine maintenance \$61,275 and Computer and Communications Equipment maintenance \$45,485 predominantly due to invoices that are still to be processed. These are offset by a number of minor unfavourable variances spread across several accounts.

c) The favourable variance includes \$362,230 and \$109,658 for domestic and bulk tipping fees respectively, due to timing of supplier invoices. External contractors and services also shows a net favourable variance of \$118,238 as a result of both favourable and unfavourable timing variances across a variety of operational areas, including fertilising \$158,695, irrigation maintenance \$148,227, reactive maintenance \$123,900, chemical weeding (\$319,562) and general building cleaning \$103,655.

The remainder of the variance is spread across a number of accounts.

d) A favourable timing variance of \$180,000 arose for Contributions for Sea Rescue and Surf Clubs that are expected to be paid in March 2013. In addition favourable timing differences arose for Sponsorship \$91,655, Community Funding Programs \$12,758 and Emergency Services Levy \$37,307.

e) The Materials Recovery Facility operating costs are (\$127,036) above budget estimates due to higher volumes being processed. In addition, bulk waste, domestic waste and weekend greens collections are (\$82,304) over budget due to higher tonnages collected than budgeted.

f) The favourable variance includes \$62,500 for advertising the District Planning Scheme Three, which will not take place. In addition Signage & Decals \$31,735, Promotions \$43,048 and Catering \$19,912 are below budget.

8. Depreciation

The unfavourable variance includes (\$1,596,855) of cumulative Work-in-Progress balances that did not qualify for capitalisation. In addition, depreciation is over budget on Property, Plant and Equipment Assets (\$369,612) as a result of assets that were capitalised at the end of the previous financial year. The depreciation budget will be adjusted in the mid-year review.

9. Loss on Asset Disposal

Proceeds from disposal of certain items were below estimated realisation values in the budget.

10. Insurance Expenses

Insurance expenses are \$58,630 below budget. This is primarily due to lower than anticipated Industrial Special Risk premiums \$76,519 offset by higher than estimated Insurance Excess on Vehicles & Plant (\$19,682), for claims involving City vehicles.

11. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$2,224,125	\$2,031,695	(\$192,430)
b) New Paths	\$128,400	\$0	(\$128,400)
c) Blackspot Projects	\$448,800	\$479,347	\$30,547
Other	\$586,667	\$608,666	\$21,999
	<u>\$3,387,992</u>	<u>\$3,119,708</u>	<u>\$268,284</u>

a) The Road Preservation & Resurfacing Program is progressing steadily. The unfavourable variance is primarily driven by the Roads to Recovery grants for which \$371,938 are being submitted in February.

b) This variance includes Whitfords Avenue Shared Path (\$68,400), which is now expected to be completed at the end of February 2013, and Connolly Drive Recreational Shared Path (\$60,405) which has been completed and awaiting final invoices. Grant claims for both will be processed on completion and receipt of final invoices.

c) The favourable variance is mainly due to 2011/12 grant claims processed in the current financial year that were not included in the budget, including Craigie Dr/ Haddington \$48,871, Hodges Dr & Joondalup Dr \$14,100 and Marmion Ave & Whitfords Ave \$16,328. These are offset by an unfavourable variance of (\$73,600) for Endeavour Road Traffic Management that is still in the design phase and is not yet ready for the second grant claim to be processed.

12. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$923,665	\$115,117	\$808,548
b) Joondalup Performing Arts & Cultural Facility	\$309,350	\$161,779	\$147,571
c) Cafes / Restaurants / Kiosks	\$125,267	\$11,358	\$113,909
d) Network Infrastructure Upgrade	\$169,000	\$65,695	\$103,305
e) Paid Parking Collier Pass	\$106,000	\$3,212	\$102,788
f) Other Projects	\$541,018	\$375,389	\$165,629
	<u>\$2,174,300</u>	<u>\$732,550</u>	<u>\$1,441,750</u>

a) Following Council's endorsement of an integrated Environmental and Planning Approvals Strategy, the City's consultants have commenced the tasks associated with the Strategy and it is anticipated that expenditure on the project will increase in the coming months.

b) The completed Market Analysis and Feasibility Study is currently being assessed and a determination of the next phase of the project is yet to be made by the Steering Committee.

c) Site assessment and identification together with analysis of potential uses is currently underway.

d) This is a timing variance due to a combination of orders that are still being progressed.

e) Final invoices for the installation of paid parking at Collier Pass are still outstanding and are expected to be processed in the following month.

13. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,108,891	\$2,767,517	\$341,374
b) Stormwater Drainage Program	\$225,000	\$394,419	(\$169,419)
c) Streetscape Enhancement Program	\$631,045	\$249,633	\$381,412
d) Major Projects Program	\$2,650,000	\$1,276,849	\$1,373,151
e) Parking Facilities Program	\$195,000	\$337,968	(\$142,968)
f) Major Building Works Program	\$1,060,003	\$880,920	\$179,083
g) Major Road Construction	\$3,922,899	\$3,671,310	\$251,589
h) Paths Program	\$472,500	\$255,688	\$216,812
i) Parks Equipment Program	\$804,000	\$1,275,776	(\$471,776)
Other Works variances - not material	\$1,996,136	\$1,547,141	\$448,995
	<u>\$15,065,474</u>	<u>\$12,657,221</u>	<u>\$2,408,253</u>

- a) The Road Preservation & Resurfacing Program is progressing. The favourable variance is mainly driven by timing differences on a number of projects including Cockman Road \$144,928, Ocean Reef Rd – Venturi Dr to Marmion Ave \$104,000, Hawker Ave – Dorchester Ave to Millport Dr \$50,829, Hepburn Ave \$11,331 and Dampier Ave – Afric Way to Aristrade Ave \$43,140.
- 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 (\$106,063), Kingsley Drive (\$33,995) and Craigie Sump (\$43,515). In addition an unfavourable timing variance arose for St Ives Retirement Village – Dampier Ave (\$65,429) which is progressing ahead of schedule.
- c) The Streetscape Enhancement Program has an overall favourable variance of \$381,412. This predominantly relates to Shenton Ave \$195,000 and Entry Statements - Marmion, Kinross, Joondalup - \$335,312 that are awaiting design approval by Main Roads WA. These are offset by the City Centre Planter Boxes (\$55,310) due to a delay in the delivery of the planter boxes, West Coast Dr Landscaping (\$37,775), Joondalup Dr Stage 3 (\$29,891) and Burns Beach Landscaping (\$29,430) where orders for seed planting are awaiting delivery.
- d) This favourable timing variance includes Currambine Community Centre \$1,632,601 where work has commenced later than forecast, offset by Tom Simpson Park Upgrade (\$250,758) which is 90% complete.
- e) Unfavourable variances have arisen for the construction of an additional car park on land adjacent to Sacred Heart College (\$214,330) and Robin Reserve Car Park (\$68,955), both of which are funded from 2011/12 carry forwards. In addition the Currambine Primary School project has commenced behind budget phasing generating a favourable timing variance of \$105,040.
- f) This favourable variance is mainly due to timing differences on a number of projects including Sorrento Community Hall refurbishment \$219,087 that is now scheduled for completion in May 2013.
- g) A favourable timing variance of \$280,041 arose for the Moore Drive (East) project. The project is progressing on schedule with work commitments of \$213,358 yet to be invoiced.
- h) The Paths program is showing a favourable variance of \$216,812. This includes Gleddon Way \$47,000 and Bernadale Way \$20,000 that are likely to be withdrawn due to unfavourable public consultations. In addition favourable timing variances arose for Whitfords Avenue Shared Path \$183,469 and Connolly Drive Recreational Shared Path \$61,101. These are partially offset by an unfavourable variance for Lakeway Drive (\$28,583) which is funded from 2011/12 carry forwards and Disability Access for Public Transport (\$33,422) that is progressing ahead of programmed phasing. In the slab replacement program the Walkability Plan is progressing ahead of programmed phasing showing an unfavourable timing variance of (\$24,206).
- i) This variance is mainly due to the timing of projects compared to budget phasing including Ocean Reef Skate Park - Mirror Park (\$595,336) that has been completed ahead of schedule. This is partly offset by favourable variances at Robin Park \$60,000 and Admiral Park \$50,000 which are behind schedule with expected completion by April 2013.

14. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$591,671 and a saving of \$120,000 for a vehicle budgeted to be acquired this financial year but was actually purchased in 2011/12. This is partially offset by fleet purchases of (\$238,018) that are funded from amounts brought forward from 2011/12.

Orders totalling \$1,154,301 have been placed and are scheduled for delivery in the coming months.

15. Closing Funds

	June 2012	January 2013
Current Assets		
Cash Assets	\$74,807,969	\$ 106,998,413
Rates and Sundry Debtors	\$1,831,576	\$ 11,663,236
GST Receivable	\$729,744	\$ 694,700
Accrued Income	\$1,503,567	\$ 2,313,834
Advances and Prepayments	\$513,439	\$ 366,536
	\$79,386,295	\$122,036,719
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$985,216)
Sundry Payables	(\$291,231)	(\$6,308,195)
Provisions - Annual Leave	(\$3,402,016)	(\$3,398,698)
Provisions - Other	(\$5,618,870)	(\$6,721,651)
Accrued Expenses	(\$5,238,139)	(\$4,477,572)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$769,283)
GST Payable	(\$116,874)	(\$117,786)
	(\$20,252,973)	(\$22,778,401)
Net Current Assets	\$59,133,322	\$99,258,318
Add: Borrowings	\$1,565,373	\$769,283
Less: Reserves	(\$55,274,861)	(\$55,317,050)
Less: Non-current Provision	(\$1,850,355)	(\$2,017,587)
Closing Funds - Surplus	\$3,573,479	\$42,692,964
Add/(less): Other adjustments	\$74,966	\$74,969
Adjusted Closing Funds - Surplus	\$3,648,445	\$42,767,933