



City of Joondalup

Financial Activity Statement for the
Period Ended 31 July 2012

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(77,154,975)	(77,104,587)	(50,388)	(0)%
Grants and Subsidies	1	(2,231,117)	(38,163)	(62,207)	24,044	63%
Contributions Reimbursements and Donations	2	(2,200,007)	(177,998)	(110,980)	(67,018)	(38)%
Profit on Asset Disposals	3	(51,230)	-	(29,465)	29,465	100%
Fees and Charges	4	(33,495,504)	(19,263,825)	(19,650,697)	386,872	2%
Investment Earnings	5	(3,654,070)	(260,641)	(351,097)	90,456	35%
Other Revenue/Income		(167,000)	(333)	-	(333)	(100)%
Total Operating Revenue		(120,398,732)	(96,895,935)	(97,309,033)	413,098	0%
OPERATING EXPENSES						
Employee Costs	6	52,088,573	5,013,001	5,122,534	(109,533)	(2)%
Materials and Contracts	7	45,254,280	3,653,526	2,715,193	938,333	26%
Utilities (gas, electricity, water etc.)	8	5,880,263	488,185	531,783	(43,598)	(9)%
Depreciation of Non-Current Assets		20,635,630	1,733,625	1,752,562	(18,937)	(1)%
Loss on Asset Disposal		340,409	-	109	(109)	(100)%
Interest Expenses		589,992	51,904	54,211	(2,307)	(4)%
Insurance Expenses		1,475,713	852,279	814,924	37,355	4%
Total Operating Expenses		126,264,859	11,792,520	10,991,316	801,204	7%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(85,103,415)	(86,317,717)	1,214,302	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(1,733,625)	(1,752,562)	18,937	1%
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)	(86,837,040)	(88,040,923)	1,203,883	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies		(8,247,704)	-	-	-	0%
Capital Contributions		(1,615,000)	-	-	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	-	-	-	0%
CAPITAL EXPENDITURE						
Capital Projects	9	3,672,657	321,809	33,892	287,917	89%
Capital Works	10	32,437,935	437,195	249,356	187,839	43%
Motor Vehicle Replacements	11	3,195,000	783,000	28,834	754,166	96%
Loan Repayment Principal		1,565,374	23,700	23,700	(0)	(0)%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	1,565,704	335,782	1,229,922	79%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	1,565,704	335,782	1,229,922	79%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(85,271,336)	(87,705,141)	2,433,805	3%
FUNDING						
Proceeds from Disposal		(774,100)	(64,508)	(72,373)	7,865	12%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	-	-	-	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)	(87,985,859)	(92,171,955)	4,186,096	5%



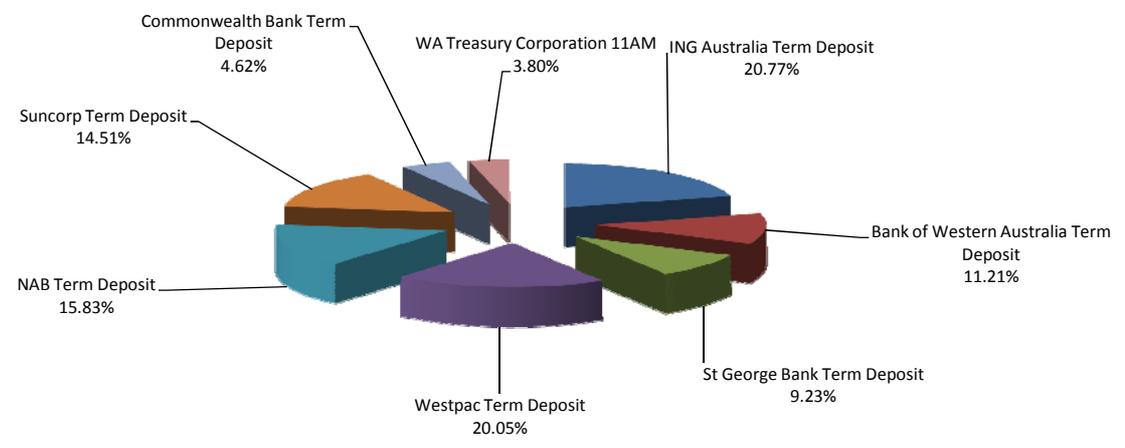
Investment Summary

CITY OF JOONDALUP
July-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%	\$ 15,750,000	20.77%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.61%	5.61%	\$ 8,500,000	11.21%	20%
AA-	A-1+	St George Bank Term Deposit	5.70%	5.70%	\$ 7,000,000	9.23%	20%
AA-	A-1+	Westpac Term Deposit	5.39%	5.39%	\$ 15,200,000	20.05%	20%
AA-	A-1+	NAB Term Deposit	5.57%	5.57%	\$ 12,000,000	15.83%	20%
A+	A-1	Suncorp Term Deposit	5.36%	5.36%	\$ 11,000,000	14.51%	15%
AA-	A-1+	Commonwealth Bank Term Deposit	4.48%	4.48%	\$ 3,500,000	4.62%	20%
A-1+	AAA	WA Treasury Corporation 11AM	3.45%	3.45%	\$ 2,878,000	3.80%	20%

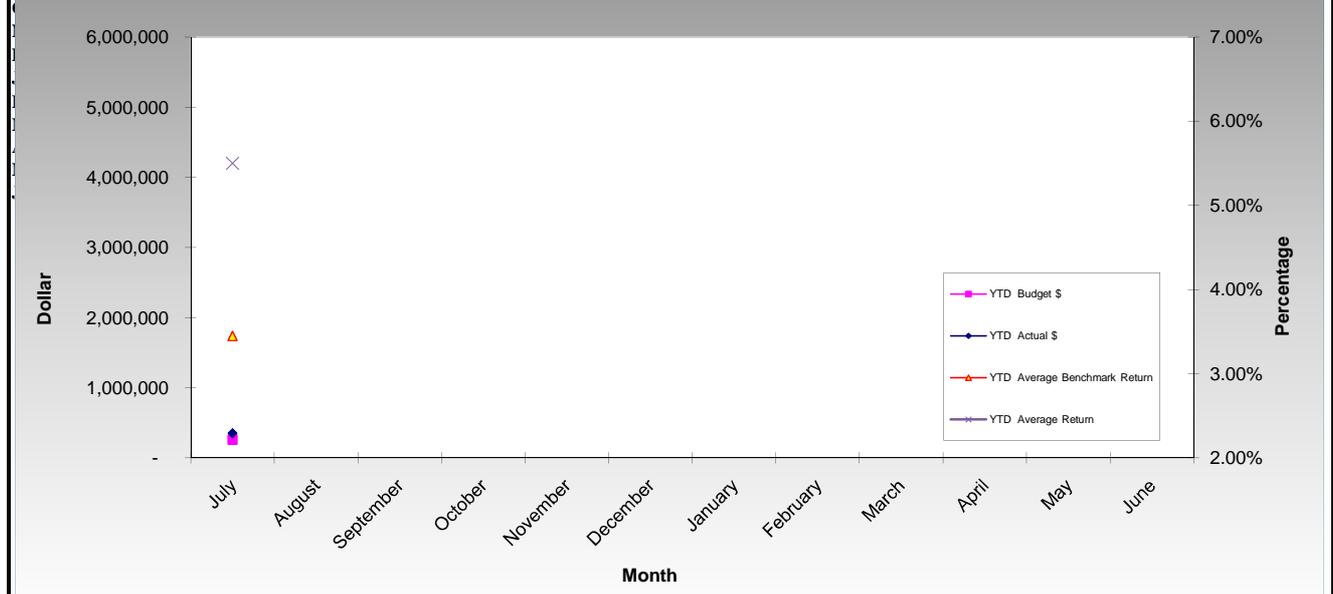
Total Investment Portfolio			5.50%	75,828,000	100.00%	
Municipal Funds				21,349,561		
Reserve Funds				54,478,439		
				75,828,000		

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%

Return on Investments





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

1. Grants & Subsidies

A favourable timing variance of \$19,250 arose for the Fire and Emergency Services Authority quarterly grant. In addition Financial Counselling grants were \$2,294 higher than budget and the City received an unbudgeted grant of \$2,500 for the Supporting Parents of Teenagers Program.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$52,708	\$2,447	(\$50,261)
b) Sale of Recyclables	\$95,739	\$78,272	(\$17,467)
Reimbursements and Donations	\$29,551	\$30,261	\$710
	<u>\$177,998</u>	<u>\$110,980</u>	<u>(\$67,018)</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 12; however, revenue will not be received until June 2013.

b) Recyclables revenue received is below budget estimates for the period.

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 & Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,675,115	\$17,902,350	\$227,235
b) Sports & Recreation Fees	\$630,450	\$738,805	\$108,355
c) Building and Development Fees	\$126,512	\$165,550	\$39,038
Other variances – not material	\$831,748	\$843,992	\$12,244
	<u>\$19,263,825</u>	<u>\$19,650,697</u>	<u>\$386,872</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 \$88,625 due to higher aquatic admissions, “Beat the Price Rise” membership promotion and strong term 3 enrolments for the Learn to Swim program. The balance is spread across a number of areas.
- c) Favourable variances arose for Building Licenses \$33,515 and Land Purchase Enquiries \$10,514. These are partially offset by Building and Development Charges that are (\$6,740) below budget.

5. Investment Earnings

Investment income exceeded budget by \$90,456 as the volume of funds invested is higher than budgeted.

6. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries & Wages	\$4,157,327	\$4,313,422	(\$156,095)
b) Other Employment Costs	\$855,674	\$809,112	\$46,562
	<u>\$5,013,001</u>	<u>\$5,122,534</u>	<u>(\$109,533)</u>

- a) The Provision for Employee Entitlements is (\$346,782) higher than budget and is dependant on when employees take their annual and long service leave. This is partially offset by a favourable variance of \$190,687 for vacancies and savings in a number of areas.
- b) Capital Labour Recoveries are \$41,113 higher than budget due to the timing of using internal labour on capital work.

7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Administration	\$102,086	\$69,371	\$32,715
b) Accommodation & Property	\$72,398	\$33,574	\$38,824
c) Public Relations, Advertising & Promotions	\$105,931	\$55,970	\$49,961
d) Computing	\$176,151	\$129,485	\$46,666
e) Travel, Vehicles & Plant	\$164,549	\$136,823	\$27,726
f) Contributions & Donations	\$102,733	\$35,982	\$66,751
g) Other Materials	\$193,251	\$66,468	\$126,783
h) Waste Management Services	\$685,551	\$763,533	(\$77,982)
i) External Services Expenses	\$1,512,011	\$956,283	\$555,728
j) Furniture, Equipment and Artworks	\$100,068	\$54,142	\$45,926
k) Charges and Recoveries	(\$33,007)	(\$65,696)	\$32,689
l) Books & Publications	\$37,120	\$70,075	(\$32,955)
Other Variances - not material	\$434,684	\$409,183	\$25,501
	<u>\$3,653,526</u>	<u>\$2,715,193</u>	<u>\$938,333</u>



- a) This includes a favourable variance for Printing of \$45,518 offset by unfavourable variances for Photocopying (\$8,093) and Photography & Video Production (\$3,768).
- b) Refuse Removal charges for the City are \$31,657 below budget due to invoices not being received for the period.
- c) This favourable variance arose on a number of expenditure items including Advertising \$42,496, mainly due to a delay in advertising the Local Commercial Strategy, and Promotions \$13,284.
- d) Computer Software Licences are \$46,507 below budget mainly due to timing variances including \$32,400 for Centaman Licences.
- e) This favourable variance is predominantly due to Vehicle Servicing Costs and Parts and Repairs which are \$24,902 below budget.
- f) A favourable timing variance arose for Sponsorship \$24,167. Grants and Contributions made are \$30,874 below budget which includes \$15,833 for the Warwick Leisure Centre. The balance of the variance is spread across a number of areas.
- g) An order has not yet been placed for the replacement of litter bins in public places generating a favourable variance of \$66,000. In addition favourable timing variances for material purchases have arose for Operation Services \$55,487 and Building Maintenance \$30,207 offset by Craigie Leisure Centre Trading Stock purchases which are (\$16,250) over budget.
- h) The Materials Recovery Facility operating costs are (\$79,854) over budget estimates.
- i) External Contractor Service expenditure for the City is \$613,479 below budget predominantly due to timing variances including Operation Services \$321,355 and Building Maintenance \$118,550. Orders have been raised for budgeted work that is now progressing. In addition timing variances arose for Marketing \$100,398 and Infrastructure Inventory Data Collection \$45,000.

This variance also includes Domestic and Bulk Tipping Fees which are (\$66,220) over budget for the period.
- j) Favourable timing variances occurred for Parking Ticket Machine repairs and maintenance \$28,333 and Computer Equipment purchases \$12,255.
- k) Capital Overhead Recoveries are \$27,534 higher than budget due to the timing of using internal labour on capital work.
- l) Subscription invoices for Tutoring Australasia were processed a month earlier than budget generating an unfavourable timing variance of \$33,600.



8. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Gas / Water	\$54,405	\$113,756	(\$59,351)
Electricity – not material	\$433,780	\$418,027	\$15,753
	<u>\$488,185</u>	<u>\$531,783</u>	<u>(\$43,598)</u>

- a) An unfavourable phasing variance has arisen for Water charges (\$60,030), invoices were processed for Community Facilities and City Buildings in July but were budgeted for in August.

9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$183,551	\$4,281	\$179,270
b) Joondalup Performing Arts & Cultural Facility	\$58,000	\$7,026	\$50,974
c) Survey Equipment	\$45,000	-	\$45,000
Other Projects – not material	\$35,258	\$22,585	\$12,673
	<u>\$321,809</u>	<u>\$33,892</u>	<u>\$287,917</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) The Survey Equipment is now forecast to be ordered in August 2012.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$301,695	\$8,147	\$293,548
b) Stormwater Drainage Program	-	\$38,071	(\$38,071)
c) Traffic Management Program	-	\$29,110	(\$29,110)
d) Parks Equipment Program	\$95,500	\$39,654	\$55,846
e) Major Projects Program	-	\$35,018	(\$35,018)
f) Parking Facilities Program	\$40,000	\$72,076	(\$32,076)
Other Works variances - not material	-	\$27,280	(\$27,280)
	<u>\$437,195</u>	<u>\$249,356</u>	<u>\$187,839</u>

- a) The Road Preservation & Resurfacing Program is progressing. Commitments at the end of July totalled \$762,456.



- b) This variance is due to unbudgeted expenditure on projects that are funded from 2011/12 carry forward funds, including Periwinkle Park \$21,137 and Waterford Drive \$10,240.
- c) This variance is mainly due to unbudgeted expenditure on Illyarrie / Tuart Road (\$20,449) that was completed in 2011/12 and is funded by funds carried forward from the previous year.
- d) The playground equipment replacement at Burns Beach Park is due to be completed at the end of August giving a favourable timing variance of \$66,308.
- e) The Major Projects Program variance is due to works for Currambine Community Centre \$28,298 and Tom Simpson Park \$6,619 starting earlier than expected.
- f) An unfavourable variance of (\$60,287) 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 \$28,212.

11. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$663,000 and a saving of \$120,000 for a vehicle that was actually purchased in 2011/12. This is partially offset by an unbudgeted fleet purchase (\$28,834) which is funded from 2011/12 carry forwards.

Orders totalling \$762,180 have been placed and are scheduled for delivery in the coming months.



12. Closing Funds

	June 2012	July 2012
Current Assets		
Cash Assets	\$74,807,969	\$76,536,546
Rates and Sundry Debtors	\$1,818,801	\$99,841,550
GST Receivable	\$729,744	\$543,481
Accrued Income	\$1,503,567	\$1,471,810
Advances and Prepayments	\$514,040	\$303,431
	\$79,374,121	\$178,696,818
Less: Current Liabilities		
Creditors	(\$2,915,452)	(\$403,473)
Sundry Payables	(\$279,059)	(\$15,282,776)
Provisions - Annual Leave	(\$3,402,016)	(\$3,535,117)
Provisions - Other	(\$5,618,870)	(\$6,074,928)
Accrued Expenses	(\$5,238,139)	(\$4,684,836)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,374)	(\$1,541,674)
GST Payable	(\$116,874)	(\$151,619)
	(\$20,240,801)	(\$31,674,423)
Net Current Assets	\$59,133,320	\$147,022,395
Add: Borrowings	\$1,565,374	\$1,541,674
Less: Reserves	(\$54,528,866)	(\$54,528,866)
Less: Non-current Provision	(\$1,850,357)	(\$1,938,218)
Closing Funds - Surplus	\$4,319,471	\$92,096,985
Add/(less): Other non-current adjustments	\$74,970	\$74,970
Adjusted Closing Funds - Surplus	\$4,394,441	\$92,171,955