



City of Joondalup

Financial Activity Statement for the
Period Ended 31 October 2012

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(78,242,311)	(78,139,139)	(103,172)	(0)%
Grants and Subsidies	1	(2,231,117)	(586,968)	(652,310)	65,342	11%
Contributions Reimbursements and Donations	2	(2,200,007)	(596,148)	(722,213)	126,065	21%
Profit on Asset Disposals		(51,230)	(12,808)	(34,841)	22,033	172%
Fees and Charges	3	(33,495,504)	(23,389,578)	(23,900,905)	511,327	2%
Investment Earnings	4	(3,654,070)	(1,300,506)	(1,901,850)	601,344	46%
Other Revenue/Income		(167,000)	(25,333)	(24,461)	(872)	(3)%
Total Operating Revenue		(120,398,732)	(104,153,652)	(105,375,719)	1,222,067	1%
OPERATING EXPENSES						
Employee Costs		52,088,573	18,629,333	18,524,911	104,422	1%
Materials and Contracts	5	45,254,280	14,856,760	14,334,546	522,214	4%
Utilities (gas, electricity, water etc.)	6	5,880,263	2,066,025	1,971,722	94,303	5%
Depreciation of Non-Current Assets		20,635,630	6,912,405	7,107,079	(194,674)	(3)%
Loss on Asset Disposal		340,409	85,102	56,188	28,914	34%
Interest Expenses		589,992	205,810	204,311	1,499	1%
Insurance Expenses	7	1,475,713	1,466,027	1,399,800	66,227	5%
Total Operating Expenses		126,264,860	44,221,462	43,598,557	622,905	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(59,932,190)	(61,777,162)	1,844,972	3%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(6,912,405)	(7,107,079)	194,674	3%
Loss on Asset Disposal		(340,409)	(85,102)	(56,188)	(28,914)	(34)%
Profit on Asset Disposals		51,230	12,808	34,841	(22,033)	(172)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(66,916,889)	(68,905,588)	1,988,699	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	8	(8,247,704)	(2,193,351)	(2,155,157)	(38,194)	(2)%
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)	(2,175,108)	(18,243)	(1)%
CAPITAL EXPENDITURE						
Capital Projects	9	3,672,657	1,210,123	328,833	881,290	73%
Capital Works	10	32,437,935	6,613,715	4,702,075	1,911,640	29%
Motor Vehicle Replacements	11	3,195,000	1,192,500	819,670	372,830	31%
Loan Repayment Principal		1,565,374	407,180	407,180	0	0%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	9,423,518	6,257,758	3,165,760	34%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	7,230,167	4,082,650	3,147,517	44%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(59,686,722)	(64,822,938)	5,136,216	9%
FUNDING						
Proceeds from Disposal		(774,100)	(258,033)	(276,918)	18,885	7%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(80,000)	(80,000)	-	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)	(3,648,445)	998,430	38%
CLOSING FUNDS	12	(99,280)	(62,674,770)	(68,838,131)	6,153,531	10%



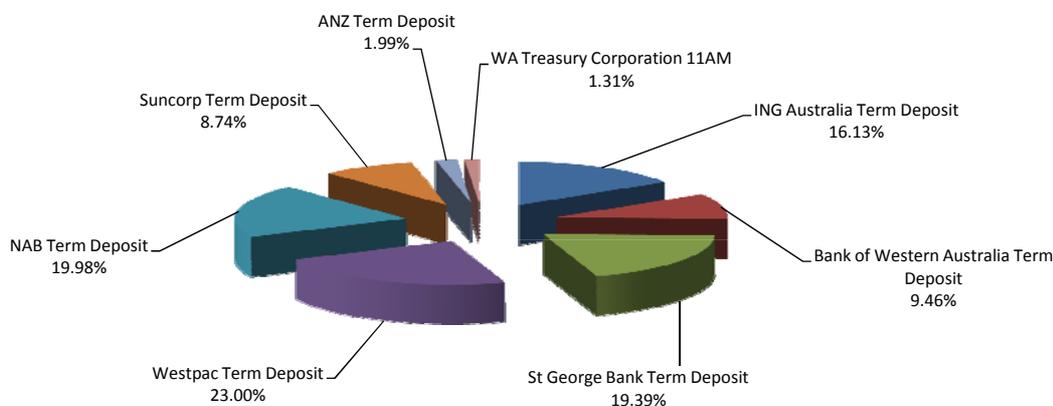
Investment Summary

CITY OF JOONDALUP
October-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	5.14%	5.44%	\$ 20,300,000	16.13%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.20%	5.34%	\$ 11,900,000	9.46%	20%
AA-	A-1+	St George Bank Term Deposit	5.14%	5.22%	\$ 24,400,000	19.39%	20%
AA-	A-1+	Westpac Term Deposit	5.13%	5.20%	\$ 28,950,000	23.00%	20%
AA-	A-1+	NAB Term Deposit	5.01%	5.25%	\$ 25,150,000	19.98%	20%
A+	A-1	Suncorp Term Deposit	5.12%	5.18%	\$ 11,000,000	8.74%	15%
AA-	A-1+	ANZ Term Deposit	4.50%	4.50%	\$ 2,500,000	1.99%	20%
A-1+	AAA	WA Treasury Corporation 11AM	3.22%	3.39%	\$ 1,648,000	1.31%	20%
Total Investment Portfolio			5.06%	5.20%	125,848,000	100.00%	

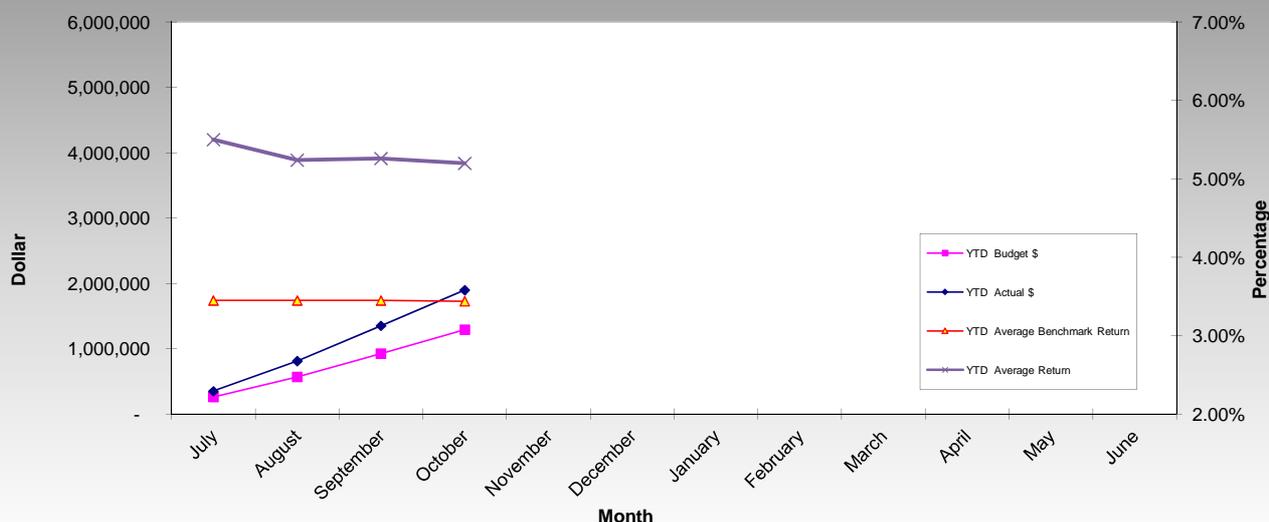
Municipal Funds	70,976,725
Reserve Funds	54,871,275
Total	125,848,000

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%

Return on Investments





**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 OCTOBER 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	\$152,443	\$242,328	\$89,885
	<u>\$586,968</u>	<u>\$652,310</u>	<u>\$65,342</u>

- a) The Financial Assistance Grant received is (\$24,543) less than budget for the period.
- b) The favourable variance includes a FESA contribution \$123,380 towards the cost of administering the ESL levy received earlier than budgeted and recorded as Grants instead of Fees and Charges, which will be corrected in the following month. This is partly offset by an unfavourable variance of (\$30,000) as a result of an unsuccessful application for a Coastal Risk Assessment Grant.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$64,833	\$42,415	(\$22,418)
b) Sale of Recyclables	\$382,956	\$492,927	\$109,971
c) Reimbursements and Donations	\$148,359	\$186,871	\$38,512
	<u>\$596,418</u>	<u>\$722,213</u>	<u>\$126,065</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. This is partly offset by a favourable timing variance of \$33,400 on festival sponsorships received earlier than anticipated.
- b) Recyclable revenue for the period exceeded budget due to higher than anticipated income from commodity sales.
- c) The favourable variance is mainly driven by Reimbursements of Utility Charges of \$18,576, Advertising \$25,299 and Other Miscellaneous Reimbursements \$21,149. These are partially offset by an unfavourable timing variance (\$33,403) on Legal Fees Recoverable due to delay in processing recovery action, offset by a similar delay in corresponding legal costs – refer to 5(a) below.



3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,877,300	\$17,894,278	\$16,978
b) Sports & Recreation Fees	\$2,432,283	\$2,743,548	\$311,266
c) Building and Development Fees	\$534,300	\$650,992	\$116,692
d) Other variances	\$2,545,695	\$2,612,087	\$66,391
	<u>\$23,389,578</u>	<u>\$23,900,905</u>	<u>\$511,327</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 \$269,720 mainly due to higher aquatic admissions and significantly high term four enrolments for the Learn to Swim program, partially offset by a drop in revenue from term program activities. In addition, income for the Hire of Community Facilities and Parks is \$41,396 above budget mainly as a result of budget phasing.
- c) Favourable variances arose for Building Licenses \$94,158, Development Application Fees \$29,485 and Land Purchase Enquiries \$17,510. These are partially offset by Other Building and Development Charges that are (\$24,548) below budget.
- d) This favourable variance includes Merchandise and Promotional Sales \$24,348, Parking Fees \$23,972 and Credit Card Surcharge \$19,486. The balance is spread across a number of areas.

4. Investment Earnings

Investment income exceeded budget by \$601,344 as the volume of funds invested is higher than budgeted due to lower than expected expenditure, particularly capital expenditure.

5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$850,666	\$647,028	\$203,638
b) Furniture, Equipment and Artworks	\$604,563	\$406,372	\$198,191
c) Public Relations, Advertising and Promotions	\$388,675	\$256,874	\$131,801
d) Contributions and Donations	\$682,051	\$549,937	\$132,114
e) Other Materials	\$647,611	\$490,338	\$157,273
f) Waste Management Services	\$2,923,511	\$3,254,431	(\$330,920)
g) External Services Expenses	\$6,169,689	\$6,153,249	\$16,440
h) Charges and Recoveries	(\$132,029)	(\$192,984)	\$60,955
Other variances – not material	\$2,722,023	\$2,769,301	(\$47,278)
	<u>\$14,856,760</u>	<u>\$14,334,546</u>	<u>\$522,214</u>



- a) Consultancy expenditure is \$137,831 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. Legal Expenses Recoverable is \$46,901 below budget due to delay in recovery action – refer to 2(c).
- b) The favourable variance is primarily due to Computer & Communications Equipment Purchases \$93,057, which includes \$83,188 for the Notebook replacement order which is still being processed. Also favourable variance in Plant and Equipment Purchases (minor) \$55,691 arose predominantly due to the timing of the procurement of waste collection bins, which are now projected to be received in November.

The balance includes favourable variances for Parking Ticket Machine maintenance \$32,836 and Hire of Equipment \$12,985. These are offset by an unfavourable variance for CCTV maintenance and repair in various locations totalling (\$22,816).

- c) The favourable variance includes Advertising \$82,670, mainly due to a delay in advertising the Local Commercial Strategy \$62,500 which is still in progress, Signage & Decals \$17,917, Promotions \$22,249 and Catering \$13,962.
- d) A favourable timing variance arose for Grants & Contributions of \$149,576 including contributions for Sea Rescue and Surf Clubs that are likely to be paid in December 2012. In addition, contributions to Churches of Christ for the operating cost deficit of the Warwick Leisure Centre are \$32,820 below budget due to delay in receiving the October invoice.

The balance of the variance is mainly attributable to other timing differences including Sponsorship \$57,667, which includes the annual Constable Care Sponsorship now forecast for November, and Lotterywest Emergency Relief Payments \$20,000. These are partly offset by a negative timing variance (\$95,000) on the payment of the ESL Levy scheduled for November.

- e) Waste Management expenditure is \$39,092 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 \$29,827 and Building Maintenance \$81,538.
- f) The Materials Recovery Facility operating costs are (\$94,532) above budget estimates. In addition bulk waste collection is (\$168,256) over budget due to higher tonnages collected than budgeted.
- g) External Contractor Service expenditure for the City is \$359,261 below budget predominantly due to timing variances in Operation Services \$217,365 and Building Maintenance \$60,066. Orders have been raised for budgeted work, which is now progressing.

This is offset by Domestic and Bulk Tipping Fees unfavourable variance of (\$360,485) due to increases in tonnages collected.

- h) Capital Overhead Recoveries are \$51,095 higher than budget due to the timing of using internal labour on capital work.



6. Utilities

	YTD Adopted Budget	YTD Actual	Variance
a) Electricity	\$1,916,926	\$1,852,768	\$64,158
b) Gas / Water	\$149,099	\$118,954	\$30,145
	<u>\$2,066,025</u>	<u>\$1,971,722</u>	<u>\$94,303</u>

a) This favourable variance is driven primarily by lower than estimated street lighting costs \$50,089 as well as lower electricity costs at the Works Operations Centre \$11,667.

b) Water costs for City recreation facilities are \$25,685 below budget as the latest invoices are yet to be received.

7. Insurance Expenses

Insurance expenses are \$66,227 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 (\$15,116), for claims involving City vehicles, mainly in Operation Services.

8. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation/Resurfacing Program	\$1,281,084	\$1,062,042	(\$219,042)
b) Blackspot Projects	\$325,600	\$484,449	\$158,849
Other – not material	\$586,667	\$608,666	\$21,999
	<u>\$2,193,351</u>	<u>\$2,155,157</u>	<u>(\$38,194)</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 (\$261,087) for which payment is expected shortly, following the submission of requisite audited reports in October.

b) Additional State Black Spot funding was approved for Oceanside Promenade and the first 40% claim \$156,000 was made in October.



9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$639,737	\$55,594	\$584,143
b) Joondalup Performing Arts & Cultural Facility	\$194,850	\$90,141	\$104,709
c) Cafes / Restaurants / Kiosks	\$76,517	\$8,005	\$68,512
d) Airconditioning Upgrade – Wellness Room	\$70,000	\$224	\$69,776
Other Projects – not material	\$229,019	\$174,869	\$54,150
	<u>\$1,210,123</u>	<u>\$328,833</u>	<u>\$881,290</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 is currently underway on the site assessment and identification process.
- d) The air-conditioning upgrade is now scheduled for completion in November.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,579,768	\$1,263,364	\$316,404
b) Stormwater Drainage Program	\$120,000	\$213,066	(\$93,066)
c) Traffic Management Program	\$241,000	\$165,706	\$75,294
d) Parks Development Program	\$60,000	\$128,149	(\$68,149)
e) Major Projects Program	\$1,380,000	\$322,498	\$1,057,502
f) Parking Facilities Program	\$60,000	\$233,180	(\$173,180)
g) Major Building Works Program	\$620,420	\$297,271	\$323,149
h) Major Road Construction	\$1,820,000	\$1,157,539	\$662,461
i) Paths Program	\$268,300	\$150,530	\$117,770
Other Works variances - not material	\$464,227	\$770,772	(\$306,545)
	<u>\$6,613,715</u>	<u>\$4,702,075</u>	<u>\$1,911,640</u>

- a) The Road Preservation & Resurfacing Program is progressing. The favourable variance is driven by Cockman Road \$175,807, with invoices awaited on commitments totalling \$308,000.
- 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 (\$47,152), Kingsley Drive (\$33,995) and Craigie Sump (\$37,635). Neil Hawkins Park (\$29,660) is now forecast for completion in November.



- c) This variance is mainly due to invoices awaited on Oceanside Promenade \$119,778 partly offset by projects funded from 2011/12 carry-forwards including Illyarrie/Tuart Road (\$65,560).
- 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. Carlton Park has now been completed and Parkside Park is due for completion by the end of November. Stage one of the landscape and irrigation upgrade at Iluka SAR is complete with an unfavourable variance of (\$35,117) of which \$23,816 will be funded from 2011/12 carry forwards. Mawson Park (\$17,862) is currently being surveyed.
- e) This favourable timing variance is due to Currambine Community Centre \$913,437 where work has commenced later than budgeted and Tom Simpson Park \$147,072 which is forecast to be completed in January 2013.
- f) An unfavourable variance of (\$204,824) has arisen for the construction of an additional car park at Sacred Heart College, which 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 \$35,040.
- 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 in April 2013, Hazardous Materials Management \$62,962 and Sorrento Community Hall refurbishment \$102,585, which is due for completion in May 2013.
- h) A favourable timing variance of \$670,387 arose for the Moore Drive (East) project. The project is progressing on schedule and progress payments will be processed in November.
- i) This variance is mainly due to Connolly Drive Recreational Shared Use Path \$111,817, which is now forecast to be completed in November.

11. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$470,081 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 \$1,274,793 have been placed and are scheduled for delivery in the coming months.



12. Closing Funds

	June 2012	October 2012
Current Assets		
Cash Assets	\$74,807,969	\$125,839,745
Rates and Sundry Debtors	\$1,831,576	\$23,285,380
GST Receivable	\$729,744	\$895,154
Accrued Income	\$1,503,567	\$1,646,647
Advances and Prepayments	\$513,439	\$291,739
	\$79,386,295	\$151,958,665
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$1,445,842)
Sundry Payables	(\$291,231)	(\$10,757,936)
Provisions - Annual Leave	(\$3,402,016)	(\$3,572,234)
Provisions - Other	(\$5,618,870)	(\$6,661,345)
Accrued Expenses	(\$5,238,139)	(\$3,287,940)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$1,158,194)
GST Payable	(\$116,874)	(\$176,886)
	(\$20,252,973)	(\$27,060,377)
Net Current Assets	\$59,133,322	\$124,898,288
Add: Borrowings	\$1,565,373	\$1,158,194
Less: Reserves	(\$55,274,861)	(\$55,317,050)
Less: Non-current Provision	(\$1,850,355)	(\$1,976,174)
Closing Funds - Surplus	\$3,573,479	\$68,763,258
Add/(less): Other non-current adjustments	\$74,966	\$74,873
Adjusted Closing Funds - Surplus	\$3,648,445	\$68,838,131