



City of Joondalup

Financial Activity Statement for the
Period Ended 30 November 2012

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City of Joondalup
Financial Activity Statement
for the period ended 30 November 2012

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(78,364,823)	(78,380,195)	15,372	0%
Grants and Subsidies	1	(2,231,117)	(1,072,155)	(938,462)	(133,693)	(12)%
Contributions Reimbursements and Donations	2	(2,200,007)	(815,884)	(990,653)	174,769	21%
Profit on Asset Disposals		(51,230)	(12,808)	(34,841)	22,033	172%
Fees and Charges	3	(33,495,504)	(24,742,684)	(25,377,906)	635,222	3%
Investment Earnings	4	(3,654,070)	(1,657,792)	(2,415,530)	757,738	46%
Other Revenue/Income		(167,000)	(25,667)	(42,419)	16,752	65%
Total Operating Revenue		(120,398,732)	(106,691,813)	(108,180,006)	1,488,193	1%
OPERATING EXPENSES						
Employee Costs		52,088,573	22,831,061	22,701,473	129,588	1%
Materials and Contracts	5	45,254,280	18,767,029	18,147,035	619,994	3%
Utilities (gas, electricity, water etc.)		5,880,263	2,462,495	2,416,347	46,148	2%
Depreciation of Non-Current Assets		20,635,630	8,624,061	8,875,032	(250,971)	(3)%
Loss on Asset Disposal		340,409	85,102	74,093	11,009	13%
Interest Expenses		589,992	255,907	253,056	2,851	1%
Insurance Expenses	6	1,475,713	1,466,388	1,404,704	61,684	4%
Total Operating Expenses		126,264,860	54,492,043	53,871,740	620,303	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(52,199,770)	(54,308,266)	2,108,496	4%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(8,624,061)	(8,875,032)	250,971	3%
Loss on Asset Disposal		(340,409)	(85,102)	(74,093)	(11,009)	(13)%
Profit on Asset Disposals		51,230	12,808	34,841	(22,033)	(172)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(60,896,125)	(63,222,550)	2,326,425	4%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	7	(8,247,704)	(2,743,158)	(3,119,659)	376,501	14%
Capital Contributions		(1,615,000)	-	(14,276)	14,276	100%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	(2,743,158)	(3,133,935)	390,777	14%
CAPITAL EXPENDITURE						
Capital Projects	8	3,672,657	1,448,294	414,327	1,033,967	71%
Capital Works	9	32,437,935	9,213,635	7,470,690	1,742,945	19%
Motor Vehicle Replacements	10	3,195,000	1,334,500	882,216	452,284	34%
Loan Repayment Principal		1,565,374	571,712	571,712	0	0%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	12,568,141	9,338,945	3,229,196	26%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	9,824,983	6,205,010	3,619,973	37%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(51,071,142)	(57,017,540)	5,946,398	12%
FUNDING						
Proceeds from Disposal		(774,100)	(322,542)	(352,827)	30,285	9%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(100,000)	(100,000)	-	0%
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	-	-	-	0%
Transfer to Accumulated Surplus		500,000	-	-	-	0%
Opening Funds		(2,650,015)	(2,650,015)	(3,648,445)	998,430	38%
CLOSING FUNDS	11	(99,280)	(54,143,699)	(61,138,104)	6,994,405	13%



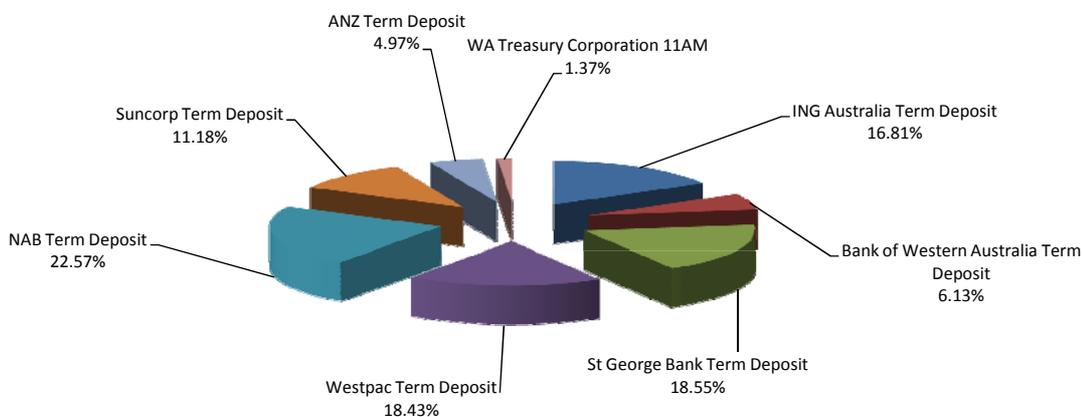
Investment Summary

CITY OF JOONDALUP
November-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	5.12%	5.37%	\$ 20,300,000	16.81%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.10%	5.31%	\$ 7,400,000	6.13%	20%
AA-	A-1+	St George Bank Term Deposit	5.09%	5.19%	\$ 22,400,000	18.55%	20%
AA-	A-1+	Westpac Term Deposit	5.07%	5.17%	\$ 22,250,000	18.43%	20%
AA-	A-1+	NAB Term Deposit	4.76%	5.11%	\$ 27,250,000	22.57%	20%
A+	A-1	Suncorp Term Deposit	5.09%	5.16%	\$ 13,500,000	11.18%	15%
AA-	A-1+	ANZ Term Deposit	4.53%	4.53%	\$ 6,000,000	4.97%	20%
A-1+	AAA	WA Treasury Corporation 11AM	3.20%	3.36%	\$ 1,658,000	1.37%	20%

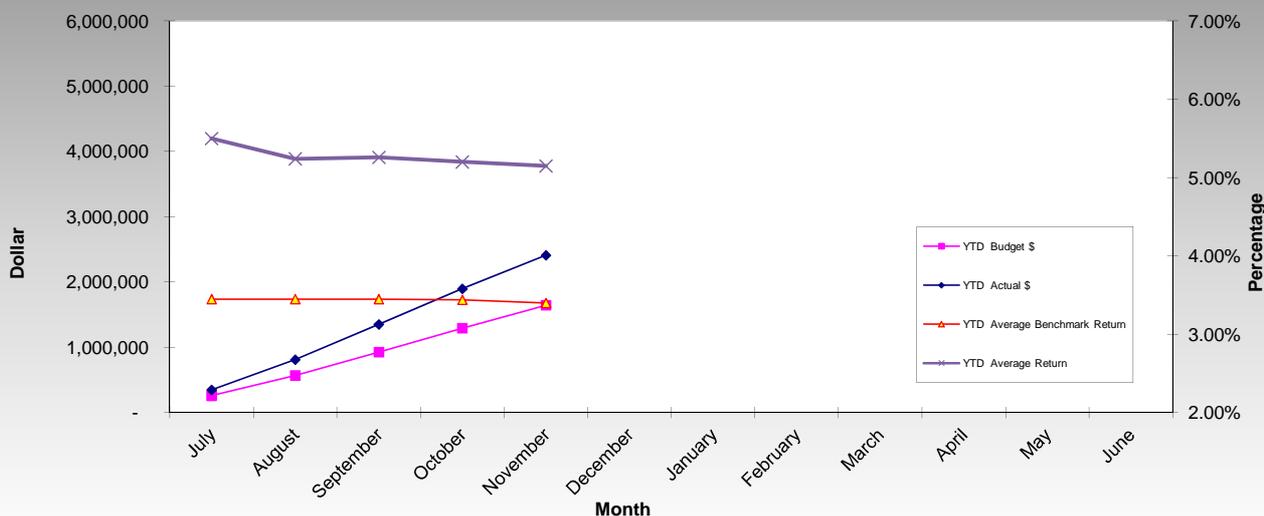
Total Investment Portfolio		4.96%	5.15%	120,758,000	100.00%	
Municipal Funds				66,312,758		
Reserve Funds				54,445,242		
				120,758,000		

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%

Return on Investments





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

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC - General Purpose Grant	\$869,049	\$819,964	(\$49,085)
b) Other Grants	\$203,106	\$118,498	(\$84,608)
	<u>\$1,072,155</u>	<u>\$938,462</u>	<u>(\$133,693)</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 and (\$26,748) for Financial Counselling grants due to the timing of the Lotterywest Emergency Relief grant. In addition an unfavourable variance of (\$25,000) arose for the State Local Roads Grant which has been allocated to capital in error and will be corrected in December.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions and Sponsorships	\$70,542	\$63,296	(\$7,246)
b) Sale of Recyclables	\$526,565	\$604,917	\$78,352
c) Reimbursements and Donations	\$218,777	\$322,440	\$103,663
	<u>\$815,884</u>	<u>\$990,653</u>	<u>\$174,769</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 \$37,640 on festival and concert sponsorships received earlier than anticipated.
- b) Recyclable revenue for the period exceeded budget due to higher than anticipated income from commodity sales.
- c) The City received an unbudgeted reimbursement of \$42,189 for Town Planning Scheme No. 10 that is to be transferred to reserve. The balance of the variance includes Reimbursements of Utility Charges \$15,282 and Advertising \$22,254.



3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,877,300	\$17,937,966	\$60,666
b) Sports & Recreation Fees	\$2,978,395	\$3,328,767	\$350,372
c) Building and Development Fees	\$670,762	\$808,719	\$137,957
d) Other variances	\$3,216,227	\$3,302,454	\$86,227
	<u>\$24,742,684</u>	<u>\$25,377,906</u>	<u>\$635,222</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 \$306,332 mainly due to higher aquatic admissions, significantly high term four enrolments for the Learn to Swim program and Court Sport Revenue for the summer sports season. In addition, income for the Hire of Community Facilities and Parks is \$43,438 above budget mainly as a result of budget phasing.
- c) Favourable variances arose for Building Licenses \$115,140 and Development Application Fees \$54,913. These are partially offset by Other Building and Development Charges that are (\$29,377) below budget.
- d) This favourable variance includes Merchandise and Promotional Sales \$25,261 and Credit Card Surcharge \$19,846. Revenue from the Sale of Abandoned Vehicles is \$25,415 over budget however a corresponding expense is still to be processed in December.

4. Investment Earnings

Investment income exceeded budget by \$757,738 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	\$1,005,248	\$844,097	\$161,151
b) Furniture, Equipment and Artworks	\$767,592	\$522,190	\$245,402
c) Public Relations, Advertising and Promotions	\$461,553	\$327,296	\$134,257
d) Contributions and Donations	\$917,612	\$650,864	\$266,748
e) Other Materials	\$788,462	\$684,143	\$104,319
f) Waste Management Services	\$3,790,370	\$4,057,852	(\$267,482)
g) Accommodation and Property	\$452,398	\$528,523	(\$76,125)
h) Charges and Recoveries	(\$165,036)	(\$249,219)	\$84,183
External Services – not material	\$7,989,768	\$8,008,809	(\$19,041)
Other variances – not material	\$2,759,062	\$2,772,480	(\$13,418)
	<u>\$18,767,029</u>	<u>\$18,147,035</u>	<u>\$619,994</u>



- a) Consultancy expenditure is \$89,789 below budget mainly due to the timing of projects including Percy Doyle Master Plan and Property Valuations. In addition Legal advice to date is \$36,409 below budget
- b) A favourable variance arose for Computer & Communications Equipment Purchases \$82,730, which includes \$76,858 for the Notebook replacement order which is still being processed. In addition a favourable timing variance arose for the Hire of Equipment \$58,590, this includes \$30,000 for the Little Feet Festival and \$9,797 for gym equipment.

The balance includes favourable timing variances for Parking Ticket Machine maintenance \$61,169 and Computer and Communications Equipment maintenance \$41,349 due to invoices still to be processed. These are offset by an unfavourable variance for CCTV maintenance and repair in various locations totalling (\$25,534).

- c) The favourable variance includes Advertising \$56,847, mainly due to a delay in advertising the Local Commercial Strategy \$62,500 which is still in progress. Also, Signage & Decals \$23,204, Promotions \$30,422 and Catering \$15,250 are below budget.
- d) A favourable variance arose for Grants & Contributions of \$218,087. This includes contributions for Sea Rescue and Surf Clubs \$180,000 which are to be paid in March 2013 and \$32,820 for Churches of Christ for the operating cost deficit of the Warwick Leisure Centre.

The balance of the variance is mainly attributable to timing differences including Sponsorship \$34,988 and Community Funding Programs \$23,442. These are partially offset by an unfavourable timing variance of (\$15,744) for the Emergency Services Levy.

- e) Waste Management expenditure is \$35,681 below budget as the replacement of litter bins in public places is yet to occur. In addition material purchases for Building Maintenance are \$98,546 below budget due to timing differences and for Operation Services (\$30,208) over budget.
- f) The Materials Recovery Facility operating costs are (\$84,754) above budget estimates. In addition bulk waste and weekend greens collections are (\$177,780) over budget due to higher tonnages collected than budgeted.
- g) Land lease payments for the Works Operation Centre are \$80,902 higher than budget due to the five year Market Rental Review increase being higher than anticipated.
- h) Capital Overhead Recoveries are \$70,157 higher than budget due to the timing of using internal labour on capital work.

6. Insurance Expenses

Insurance expenses are \$61,684 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 (\$19,090), for claims involving City vehicles, mainly in Operation Services.



7. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation/Resurfacing Program	\$1,729,291	\$2,031,695	\$302,404
b) Blackspot Projects	\$367,200	\$479,297	\$112,097
c) Footpaths Program	\$60,000	-	(\$60,000)
Other – not material	\$586,667	\$608,667	\$22,000
	<u>\$2,743,158</u>	<u>\$3,119,659</u>	<u>(\$376,501)</u>

a) This variance includes a favourable timing variance for the Roads to Recovery grant due to a number of projects completed in the first quarter ahead of schedule and paid in November following the quarterly expenditure submission. These include Leeway Drive \$82,543, Hawker Avenue \$189,369, Aerolite Way \$74,904, Kirkcolm Way \$52,921 and Aristrade Avenue \$62,769. In addition an unfavourable variance of (\$182,948) arose for Cockman Road – Warwick Road to Hepburn Avenue, work on this project is progressing behind budget phasing.

b) Additional State Black Spot funding was approved for Oceanside Promenade generating a favourable variance of \$95,200. The balance is mainly due to 2011/12 completed projects that were claimed in November 2012 which were not in the 2012/13 budget.

c) This variance is due to Connolly Drive Recreational Shared Park (\$60,000) which is complete. Expenditure invoices are yet to be received before the grant can be claimed.

8. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$746,325	\$64,805	\$681,520
b) Joondalup Performing Arts & Cultural Facility	\$234,350	\$133,516	\$100,834
c) Cafes / Restaurants / Kiosks	\$92,767	\$8,401	\$84,366
d) Air-conditioning Upgrade – Wellness Room	\$70,000	\$224	\$69,776
e) Other Projects	\$304,852	\$207,381	\$97,471
	<u>\$1,448,294</u>	<u>\$414,327</u>	<u>\$1,033,967</u>

a) Following Council's endorsement of an integrated Environmental and Planning Approvals Strategy, the City's consultants are currently reviewing the tasks required to prepare the document. This review will include estimated expenditure for both the remainder of this financial year and the 2013/14 financial year.

b) The 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) Progress is currently underway on the site assessment and identification process for this project.
- d) The air-conditioning upgrade is now complete and invoices will be processed in December.
- e) This variance includes timing differences of \$25,000 for Gym equipment at Duncraig Leisure Centre which has been installed and \$15,000 for Air-conditioning at Heathridge Leisure Centre. The balance of the variance is spread across a number of projects.

9. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,952,756	\$1,544,790	\$407,966
b) Stormwater Drainage Program	\$120,000	\$292,741	(\$172,741)
c) Traffic Management Program	\$501,000	\$394,259	\$106,741
d) Parks Development Program	\$110,000	\$251,110	(\$141,110)
e) Major Projects Program	\$1,840,000	\$405,424	\$1,434,576
f) Parking Facilities Program	\$60,000	\$244,363	(\$184,363)
g) Major Building Works Program	\$800,534	\$548,791	\$251,743
h) Major Road Construction	\$2,460,000	\$2,140,304	\$319,696
i) Paths Program	\$368,800	\$175,255	\$193,545
j) Parks Equipment Program	\$475,000	\$920,388	(\$445,388)
Other Works variances - not material	\$525,545	\$553,265	(\$27,720)
	<u>\$9,213,635</u>	<u>\$7,470,690</u>	<u>\$1,742,945</u>

- a) The Road Preservation & Resurfacing Program is progressing. The favourable variance is driven by Cockman Road \$308,081, with work completed costing \$219,519 to be paid in December and a further \$119,976 outstanding commitments. Hawker Avenue is complete with an underspend of \$50,829 and a favourable variance arose for Trappers Drive \$39,144 which is also complete.
- 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 (\$104,859), Kingsley Drive (\$33,995) and Craigie Sump (\$37,635).
- c) This variance is mainly due to favourable timing variances, including Oceanside Promenade \$53,394 that is awaiting invoices and Ocean Reef Road/Swanson Way \$35,595 which is still in the design phase. A variance also arose for Ocean Reef Road/ Edgewater Drive intersection modification \$61,828 that has been completed and final invoices are still to be received. These are partially offset by projects funded from 2011/12 carry forwards including Illyarrie/Tuart Road (\$75,913).
- d) Unfavourable variances arose for Carlton Park (\$42,230) and Parkside Park (\$5,000) which are complete and are funded from 2011/12 carry forward funds. 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.



The balance is mainly due to unfavourable timing variances including Mawson Park (\$17,862) and Hillarys Park (\$29,703) that are currently in the design phase.

- e) This favourable timing variance is due to Currambine Community Centre \$1,261,425 where work has commenced later than forecast and Tom Simpson Park \$177,345 which is forecast to be complete in January 2013.
- f) An unfavourable variance has arisen for the construction of an additional car park on land adjacent to Sacred Heart College (\$210,377) 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 and Sorrento Community Hall refurbishment \$201,432 which are due for completion in April 2013 and May 2013 respectively. This is partially offset by projects progressing ahead of budget schedule including Robin Park Toilets (\$50,330) which is complete.
- h) A favourable timing variance of \$340,509 arose for the Moore Drive (East) project. The project is progressing on schedule and progress payments of \$771,000 are to be processed in December.
- i) The Paths program is showing a favourable variance of \$193,545. 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 \$79,769 and Connolly Drive Recreational Shared Path \$93,735. These are partially offset by an unfavourable variance for Lakeway Drive (\$28,583) which is funded from 2011/12 carry forwards.
- j) This variance is mainly due to the timing of projects compared to budget phasing including Ocean Reef Skate Park – Mirror Park (\$464,012) with completion due for official opening mid December 2012.

10. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$547,546 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 \$1,619,828 have been placed and are scheduled for delivery in the coming months.



11. Closing Funds

	June 2012	November 2012
Current Assets		
Cash Assets	\$74,807,969	\$120,297,853
Rates and Sundry Debtors	\$1,831,576	\$20,591,776
GST Receivable	\$729,744	\$689,633
Accrued Income	\$1,503,567	\$1,814,632
Advances and Prepayments	\$513,439	\$282,878
	\$79,386,295	\$143,676,772
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$540,303)
Sundry Payables	(\$291,231)	(\$10,938,125)
Provisions - Annual Leave	(\$3,402,016)	(\$3,619,550)
Provisions - Other	(\$5,618,870)	(\$6,638,316)
Accrued Expenses	(\$5,238,139)	(\$3,520,652)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$993,662)
GST Payable	(\$116,874)	(\$95,167)
	(\$20,252,973)	(\$26,345,775)
Net Current Assets	\$59,133,322	\$117,330,997
Add: Borrowings	\$1,565,373	\$993,662
Less: Reserves	(\$55,274,861)	(\$55,274,861)
Less: Non-current Provision	(\$1,850,355)	(\$1,986,663)
Closing Funds - Surplus	\$3,573,479	\$61,063,135
Add/(less): Other non-current adjustments	\$74,966	\$74,969
Adjusted Closing Funds - Surplus	\$3,648,445	\$61,138,104