



# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 July 2013

# Contents

# Appendix

Financial Activity Statement	1
Investment Summary	2
Notes to and Forming Part of the Financial Activity Statement	3



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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(81,545,757)	(81,370,757)	(81,759,937)	389,180	0%
Specified Area Rates		(339,195)	(339,195)	(339,193)	(2)	(0)%
Grants and Subsidies	2	(4,305,925)	(49,300)	(64,323)	15,023	30%
Contributions Reimbursements and Donations	3	(2,258,993)	(156,186)	(40,368)	(115,818)	(74)%
Profit on Asset Disposals	4	(75,812)	(1,929)	(218,464)	216,535	11225%
Fees and Charges	5	(37,468,658)	(21,065,120)	(21,024,709)	(40,411)	(0)%
Interest Earnings		(4,545,377)	(260,831)	(274,610)	13,780	5%
Other Revenue/Income	6	(147,500)	(7,875)	(2,828)	(5,047)	(64)%
<b>Total Operating Revenue</b>		<b>(130,687,217)</b>	<b>(103,251,192)</b>	<b>(103,724,432)</b>	<b>473,240</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	7	55,626,942	5,525,518	5,303,321	222,197	4%
Materials and Contracts	8	49,374,974	4,252,358	3,581,234	671,124	16%
Utilities (gas, electricity, water etc.)	9	6,139,451	509,503	362,873	146,630	29%
Depreciation of Non-Current Assets	10	21,016,218	1,775,888	1,259,814	516,074	29%
Loss on Asset Disposal	4	215,682	35,036	-	35,036	100%
Interest Expenses		490,458	46,042	44,544	1,498	3%
Insurance Expenses		1,602,758	948,720	922,591	26,129	3%
<b>Total Operating Expenses</b>		<b>134,466,483</b>	<b>13,093,066</b>	<b>11,474,377</b>	<b>1,618,689</b>	<b>12%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>3,779,266</b>	<b>(90,158,126)</b>	<b>(92,250,055)</b>	<b>2,091,929</b>	<b>2%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation on Assets		(21,016,218)	(1,775,888)	(1,259,814)	(516,074)	(29)%
Loss on Asset Disposal		(215,682)	(35,036)	-	(35,036)	(100)%
Profit on Asset Disposals		75,812	1,929	218,464	(216,535)	(11225)%
Other Non-Current items		(242,999)	-	(114,958)	114,958	100%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(17,619,821)</b>	<b>(91,967,121)</b>	<b>(93,406,363)</b>	<b>1,439,242</b>	<b>2%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	11	(5,834,548)	(420,000)	-	(420,000)	(100)%
Capital Contributions		(330,000)	(5,000)	-	(5,000)	(100)%
Acquired Infrastructure Assets		(500,000)	-	-	-	(100)%
<b>Total Non-Operating Revenue</b>		<b>(6,664,548)</b>	<b>(425,000)</b>	<b>-</b>	<b>(425,000)</b>	<b>(100)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	12	4,474,194	409,355	126,137	283,218	69%
Capital Works	13	32,855,563	802,466	2,136,403	(1,333,937)	(166)%
Motor Vehicle Replacements	14	2,738,500	519,000	-	519,000	100%
Loan Repayment Principal		1,655,977	25,142	25,142	-	0%
Equity Investments		39,712	-	-	-	-
<b>Total Capital Expenditure</b>		<b>41,763,946</b>	<b>1,755,963</b>	<b>2,287,682</b>	<b>(531,719)</b>	<b>(30)%</b>
TPRC Development Costs	15	-	-	135,564	(135,564)	(100)%
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>35,099,398</b>	<b>1,330,963</b>	<b>2,423,246</b>	<b>(1,092,283)</b>	<b>(82)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>17,479,577</b>	<b>(90,636,158)</b>	<b>(90,983,117)</b>	<b>346,959</b>	<b>0%</b>
<b>FUNDING</b>						
Proceeds from Disposal	4	(681,100)	(130,300)	(218,464)	88,164	68%
Loan Funds		-	-	-	-	-
Materials Recovery Facility		(229,557)	(20,000)	-	(20,000)	(100)%
Transfer from Trust		(641,463)	-	-	-	-
Transfer from Reserve		(18,480,027)	-	-	-	-
Transfer to Reserve		3,788,217	-	-	-	(100)%
Transfer to Accumulated Surplus		500,000	-	-	-	-
Opening Funds		(1,735,647)	(1,735,647)	(870,134)	(865,513)	(50)%
<b>CLOSING FUNDS</b>	16	<b>-</b>	<b>(92,522,105)</b>	<b>(92,071,715)</b>	<b>(450,390)</b>	<b>100%</b>

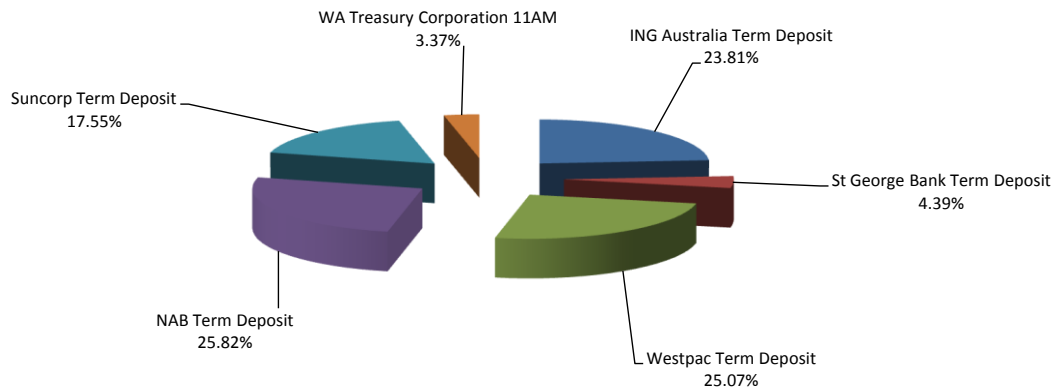


## Investment Summary

**CITY OF JOONDALUP**  
**July-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	4.42%	4.42%	19,000,000.00	23.81%	10%
AA-	A-1+	St George Bank Term Deposit	3.90%	3.90%	3,500,000.00	4.39%	20%
AA-	A-1+	Westpac Term Deposit	4.25%	4.25%	20,000,000.00	25.07%	20%
AA-	A-1+	NAB Term Deposit	4.23%	4.23%	20,600,000.00	25.82%	20%
A+	A-1	Suncorp Term Deposit	4.27%	4.27%	14,000,000.00	17.55%	15%
AAA	A-1+	WA Treasury Corporation 11AM	2.70%	2.70%	2,688,000.00	3.37%	20%
<b>Total Investment Portfolio</b>			<b>4.24%</b>	<b>4.24%</b>	<b>79,788,000</b>	<b>100.00%</b>	
<b>Municipal Funds</b>					20,417,562		
<b>Reserve Funds</b>					59,370,438		
					<b>79,788,000</b>		

### City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	259,633	274,496	259,633	274,496	2.75%	4.24%

#### Return on Investments

Series	Value
YTD Budget \$	~260,000
YTD Actual \$	~275,000
YTD Average Benchmark Return	~2.75%
YTD Average Return	~4.24%



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

**1. Rates**

Rates income exceeded budget as a result of adjustment to Gross Rental Value (GRV) caused by processing additional interim valuation schedules received after the budget was finalised.

**2. Grants and Subsidies**

The City received an unbudgeted grant from the Department of Sustainability, Environment, Water, Population and Communities of \$22,727 for the Picture our Past - Celebration History Together project. This is partially offset by timing variances including (\$5,871) for Financial Counselling Grants.

**3. Contributions, Reimbursements and Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$120,833	-	(\$120,833)
b) Contributions, Reimbursements & Donations	\$35,353	\$40,368	\$5,015
	<u>\$156,186</u>	<u>\$40,368</u>	<u>(\$115,818)</u>

a) The City recommenced delivering recyclables to the Materials Recovery Facility in early July however no recyclables were sold during the period.

b) This favourable variance includes unbudgeted Insurance reimbursements of \$12,714 which is partly offset by a correction for the prior year contributions from the Department of Education for the maintenance of School Ovals of (\$6,887).

**4. Profit / Loss on Asset Disposal**

The increased profit on disposal is due to gains on the unbudgeted disposal of Tamala Park Regional Council (TPRC) land holdings \$218,464. No other disposals were processed in the period.

**5. Fees and Charges**

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$19,182,517	\$19,141,357	(\$41,160)
b) Sports & Recreation Fees	\$760,112	\$716,594	(\$43,518)
c) Building and Development Fees	\$153,167	\$186,860	\$33,693
Other variances	\$969,324	\$979,898	\$10,574
	<u>\$21,065,120</u>	<u>\$21,024,709</u>	<u>(\$40,411)</u>

a) This variance reflects a timing difference and will be offset when interim charges are raised throughout the remainder of the financial year.



- b) Leisure Centre revenue was (\$36,706) below budget. This includes lower fee revenue for Memberships (\$41,818), Admissions (\$10,835) and Personal Training (\$8,671) partly offset by higher Learn to Swim enrolments of \$27,503. In addition an unfavourable timing variance arose of (\$4,500) for Admission Fees for the Youth Holiday Program.
- c) Favourable variances arose for Development Application Fees \$42,054, which includes an application for the expansion of Whitfords Shopping Centre, and Other Building and Development Charges \$14,945 including an application for Lakeside Shopping Centre. These are partially offset by an unfavourable variance of (\$25,762) for Building Licenses due to lower than expected building activity.

## 6. Other revenue / Income

This is due to timing variances of (\$7,725) for Adshel Revenue and \$2,656 for Rebates Received.

## 7. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries and Wages	\$4,630,134	\$4,438,993	\$191,141
b) Other Employment Costs	\$895,384	\$864,328	\$31,056
	<u>\$5,525,518</u>	<u>\$5,303,321</u>	<u>\$222,197</u>

- a) The variance in Salaries and Wages represents vacancies that were not filled in the period.
- b) This includes favourable variances for Study Assistance and Professional Development \$15,834 and Staff Recruitment \$13,542.

## 8. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$534,224	\$309,504	\$224,720
b) External Service Expenses	\$1,725,565	\$1,260,119	\$465,446
c) Materials	\$168,586	\$91,702	\$76,884
d) Waste Management Services	\$845,401	\$1,129,669	(\$284,268)
e) Computing	\$194,495	\$117,754	\$76,741
f) Furniture, Equipment & Artwork	\$89,961	\$47,092	\$42,869
Other Materials and Contracts	\$694,126	\$625,394	\$68,732
	<u>\$4,252,358</u>	<u>\$3,581,234</u>	<u>\$671,124</u>

- a) Favourable timing variances arose for Consultancy expenditure \$175,460 due to delays with the commencement of a number of projects and Legal Expenses \$57,829.
- b) External contractors and services show a favourable timing variance of \$437,004; this includes Parks \$260,375, Buildings \$97,900 and Engineering \$63,796. In addition a favourable variance of \$19,650 arose for bulk and domestic Tipping Fees.

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



- c) This variance is predominantly due to timing and includes External Material Purchases for Parks, Buildings Maintenance and Engineering which is \$63,518 below budget and trading stock for the Leisure Centre \$11,031.
- d) Bulk waste collection costs are (\$262,762) over budget predominantly due to estimated tonnages collected for the period being higher than forecast in the budget. This will be reviewed and updated in August once actual tonnages are ascertained.
- e) Favourable timing variances arose for Leisure Centre point of sale software licence fees \$28,000 and Library Management System software maintenance \$54,880 which will be processed in August.
- f) This includes a favourable timing variance of \$32,500 for Parking Ticket Machine maintenance.

### 9. Utilities

This is mainly driven by a net favourable variance of \$145,350 on electricity costs due to a combination of lower than expected charges in the period and lower net accruals that is currently being investigated.

### 10. Depreciation

Depreciation on buildings was unable to be processed owing to the finalisation of capitalisation and revaluations as at 30 June 2013. This will be resolved in August.

### 11. Capital Grants and Subsidies

An unfavourable timing variance arose of (\$370,000) for the State Direct Road grant which is anticipated to be received in August 2013. In addition an unfavourable phasing variance of (\$50,000) arose for the State Local Road Grant.

### 12. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$87,500	\$58,516	\$28,984
b) Joondalup Performing Arts & Cultural Facility	\$64,250	\$8,261	\$55,989
c) License Plate Recognition	\$70,000	-	\$70,000
d) Electronic Infringement System	\$90,375	-	\$90,375
e) Scanner / Printer extra wide in IMS	\$31,000	-	\$31,000
f) Access Control Upgrade Craigie Leisure Centre	-	\$38,400	(\$38,400)
Other Projects	\$66,230	\$20,960	\$45,270
	<u>\$409,355</u>	<u>\$126,137</u>	<u>\$283,218</u>

- a) Following endorsement by Council, a Metropolitan Region Scheme Amendment request was submitted to the WA Planning Commission for consideration (CJ144-07/13 refers). Outstanding invoices from consultants are anticipated to be received in August.
- b) At its meeting held 16 July 2013 Council endorsed a public voting process for the People's Choice Award on the four submitted Architectural Conceptual Designs.





- c) Available products for this project are currently being investigated and implementation is now forecast to occur towards the end of the financial year.
- d) An order has been placed for licenses, software development, training and the ticket issuing devices. The customised software should be available for further testing by the end of August 2013.
- e) Quotes are currently being obtained and will be reviewed before an order is placed.
- f) The access control system was installed in July and is scheduled to be commissioned in August 2013. This project is funded from the 2012-13 carry forward reserve.

### 13. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$176,299	\$52,918	\$123,381
b) Paths Program	\$14,500	\$143,646	(\$129,146)
c) Street Lighting Program	\$50,000	(\$8,729)	\$58,729
d) Parks Equipment Program	\$20,000	\$196,283	(\$176,283)
e) Major Road Construction Program	-	\$860,470	(\$860,470)
f) Traffic Management Program	\$50,000	\$177,055	(\$127,055)
g) Streetscape Enhancement Program	\$8,000	\$254,017	(\$246,017)
Other Works variances - not material	\$483,667	\$460,743	\$22,924)
	<u>\$802,466</u>	<u>\$2,136,403</u>	<u>(\$1,333,937)</u>

- a) Projects within this program are progressing and payments will increase over the coming months.
- b) A number of the like for like Path Replacement Projects were completed ahead of schedule due to the contractor being available earlier than anticipated.
- c) A favourable timing variance of \$50,000 arose for the Joondalup City Centre Street Lighting project. The tender process for this project is currently underway and work is now forecast to commence in November.
- d) The unfavourable variance is mainly due to Outdoor Gym Equipment projects (\$155,466) which is funded by carry forwards from 2012-13. The Playground Tree Planting City Wide program (formally the Shade Structure Program) is showing an unfavourable variance of (\$41,250) due to the purchase of trees for the winter planting ahead of scheduled phasing.
- e) This variance relates to Hodges Drive Duplication which is funded by carry forwards from 2012-13. Road construction is complete and the Landscaping will be completed by October 2013.
- f) An unfavourable variance arose for the State Black Spot Program (\$115,947) due to carry forward projects Whitfords Avenue and Eddystone Avenue Signals (\$88,707), Endeavour Road Traffic Management (\$20,007) and Lakeside Drive (\$7,233). The Local Traffic Management Program has an unfavourable variance of (\$11,108) mainly due to Fantome Road Traffic Treatment (\$9,213) which is progressing ahead of schedule.





- g) Streetscape Enhancement Program shows an unfavourable variance with works progressing on projects carried forward from 2012-13 including Burns Beach Road Landscaping (\$21,906), Central Walk Renewal Works (\$139,148) and Joondalup Drive (\$92,963).

#### **14. Motor Vehicle Replacements**

Specifications are being prepared for a number of items to be ordered in August.

#### **15. Tamala Park Regional Council (TPRC) Development Costs**

The land development costs as advised by TPRC were not included in the 2013-14 budget.

#### **16. Closing Funds**

	<b>June 2013</b>	<b>July 2013</b>
<b>Current Assets</b>		
Cash Assets	\$75,612,053	\$79,396,357
Rates and Sundry Debtors	\$2,029,835	\$111,383,473
GST Receivable	\$981,797	\$691,453
Accrued Income	\$1,461,086	\$946,651
Advances and Prepayments	\$448,869	\$205,978
	\$80,533,640	\$192,656,242
<b>Less: Current Liabilities</b>		
Creditors	(\$2,175,318)	(\$1,936,957)
Sundry Payables	(\$154,747)	(\$21,373,705)
Provisions - Annual Leave	(\$3,677,768)	(\$3,674,240)
Provisions - Other	(\$6,543,019)	(\$7,446,727)
Accrued Expenses	(\$5,480,078)	(\$6,195,365)
Income in Advance	(\$1,665,242)	-
Borrowings	(\$1,655,977)	(\$1,630,835)
GST Payable	(\$243,932)	(\$201,800)
	(\$21,596,081)	(\$42,459,629)
<b>Net Current Assets</b>	<b>\$58,937,559</b>	<b>\$150,164,282</b>
<b>Add: Borrowings</b>	<b>\$1,655,977</b>	<b>\$1,630,835</b>
<b>Less: Reserves</b>	<b>(\$59,723,402)</b>	<b>(\$59,723,402)</b>
<b>Closing Funds – Surplus</b>	<b>\$870,134</b>	<b>\$92,071,715</b>

**Notes:** June 2013 closing funds are subject to audit.