



City of Joondalup

Financial Activity Statement for the
Period Ended 31 March 2013

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

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(77,339,422)	(77,339,422)	(77,295,943)	(43,478)	(0)%
Grants and Subsidies	1	(2,283,469)	(1,720,412)	(1,479,302)	(241,110)	(14)%
Contributions Reimbursements and Donations	2	(2,437,290)	(1,780,422)	(1,614,994)	(165,428)	(9)%
Profit on Asset Disposals		(65,000)	(52,075)	(56,365)	4,290	8%
Fees and Charges	3	(34,803,301)	(31,085,587)	(31,355,701)	270,114	1%
Interest Earnings	4	(5,517,254)	(4,659,430)	(4,723,368)	63,938	1%
Other Revenue/Income	5	(183,167)	(149,770)	(113,162)	(36,608)	(24)%
Total Operating Revenue		(122,628,902)	(116,787,118)	(116,638,835)	(148,282)	(0)%
OPERATING EXPENSES						
Employee Costs	6	52,414,709	39,725,765	39,109,123	616,642	2%
Materials and Contracts	7	46,692,872	34,630,351	33,508,729	1,121,622	3%
Utilities (gas, electricity, water etc.)	8	5,838,289	4,317,415	4,546,318	(228,903)	(5)%
Depreciation of Non-Current Assets	9	21,285,393	15,967,437	17,890,106	(1,922,669)	(12)%
Loss on Asset Disposal	10	340,409	226,273	128,441	97,832	43%
Interest Expenses		580,368	444,610	444,411	199	0%
Insurance Expenses		1,417,165	1,413,512	1,414,143	(631)	(0)%
Total Operating Expenses		128,569,205	96,725,363	97,041,271	(315,908)	(0)%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,940,303	(20,061,755)	(19,597,564)	(464,190)	(2)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,285,393)	(15,967,437)	(17,890,106)	1,922,669	12%
Loss on Asset Disposal		(340,409)	(226,273)	(128,441)	(97,832)	(43)%
Profit on Asset Disposals		65,000	52,075	56,365	(4,290)	(8)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,620,499)	(36,203,390)	(37,559,746)	1,356,357	4%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(8,346,895)	(5,302,553)	(5,097,755)	(204,798)	(4)%
Capital Contributions		(1,633,178)	(18,178)	(18,178)	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,480,073)	(5,320,731)	(5,115,933)	(204,798)	(4)%
CAPITAL EXPENDITURE						
Capital Projects	12	3,080,384	1,585,685	1,006,673	579,012	37%
Capital Works	13	33,469,749	18,801,998	16,804,862	1,997,136	11%
Motor Vehicle Replacements	14	3,266,188	2,215,103	2,490,725	(275,622)	(12)%
Loan Repayment Principal		1,565,374	1,165,736	1,165,736	(0)	(0)%
Equity Investments		37,432	18,715	18,385	330	2%
Total Capital Expenditure		41,419,127	23,787,237	21,486,381	2,300,856	10%
CAPITAL (SURPLUS)/DEFICIT		30,939,055	18,466,506	16,370,448	2,096,058	11%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,318,556	(17,736,884)	(21,189,298)	3,452,415	19%
FUNDING						
Proceeds from Disposal		(774,100)	(442,343)	(655,367)	213,024	48%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(180,000)	(160,000)	(20,000)	(11)%
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		(17,116,518)	-	-	-	0%
Transfer to Reserve		5,960,507	42,189	42,189	0	0%
Transfer to Accumulated Surplus		500,000	-	-	-	0%
Opening Funds		(3,648,445)	(3,648,445)	(3,648,445)	-	0%
CLOSING FUNDS	15	(0)	(21,965,483)	(25,630,213)	3,664,731	17%



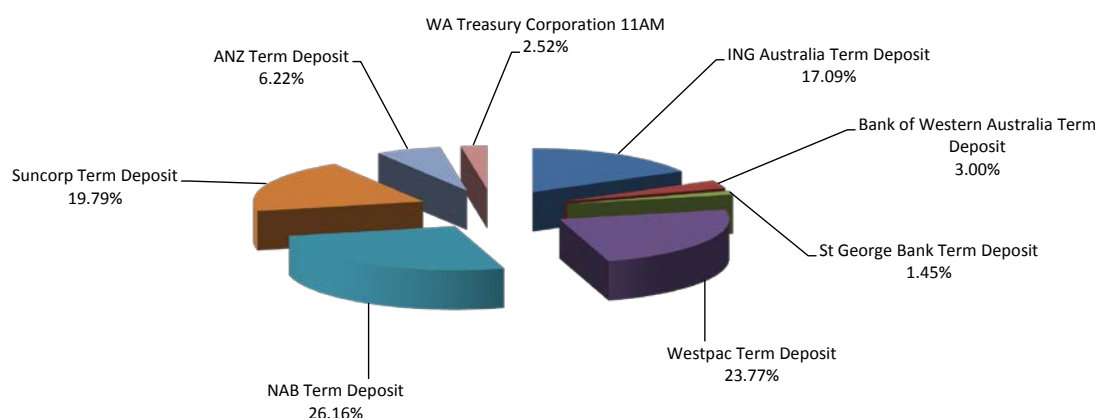
Investment Summary

CITY OF JOONDALUP
March-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	4.80%	5.22%	16,500,000.00	17.09%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	4.10%	5.22%	2,900,000.00	3.00%	20%
AA-	A-1+	St George Bank Term Deposit	5.06%	5.14%	1,400,000.00	1.45%	20%
AA-	A-1+	Westpac Term Deposit	4.41%	4.99%	22,950,000.00	23.77%	20%
AA-	A-1+	NAB Term Deposit	4.61%	4.90%	25,250,000.00	26.16%	20%
A+	A-1	Suncorp Term Deposit	4.51%	4.88%	19,100,000.00	19.79%	15%
AA-	A-1+	ANZ Term Deposit	4.55%	4.54%	6,000,000.00	6.22%	20%
A-1+	AAA	WA Treasury Corporation 11AM	2.95%	3.19%	2,433,000.00	2.52%	20%
Total Investment Portfolio			4.55%	4.97%	96,533,000	100.00%	

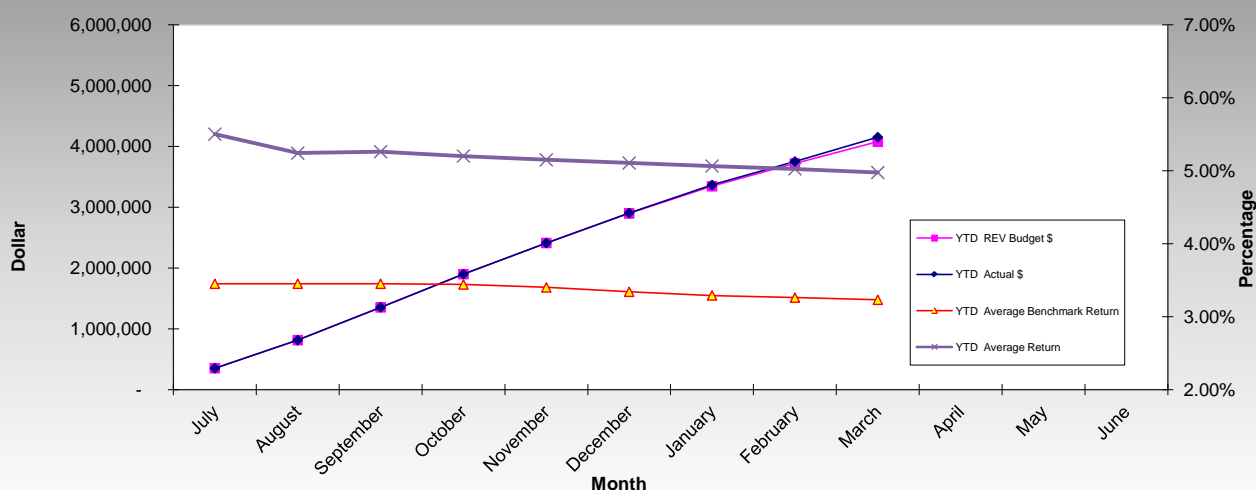
Municipal Funds	42,695,117
Reserve Funds	53,837,883
	96,533,000

City of Joondalup - Investment Balances



Month	REV Budget\$	MTD Actual \$	YTD REV Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	350,809	350,809	350,809	350,809	3.45%	5.50%
August	461,463	461,463	812,272	812,272	3.45%	5.24%
September	540,014	540,014	1,352,286	1,352,286	3.45%	5.26%
October	544,974	544,974	1,897,260	1,897,260	3.44%	5.20%
November	513,054	513,054	2,410,314	2,410,314	3.40%	5.15%
December	485,504	492,688	2,895,818	2,903,002	3.34%	5.10%
January	447,631	461,227	3,343,449	3,364,229	3.29%	5.06%
February	374,447	386,242	3,717,896	3,750,471	3.26%	5.02%
March	359,964	400,339	4,077,860	4,150,810	3.23%	4.97%

Return on Investments





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

1. Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Other Grants and Subsidies	\$490,466	\$249,356	(\$241,110)
WALGGC - General Purpose Grant	\$1,229,946	\$1,229,946	-
	<u>\$1,720,412</u>	<u>\$1,479,302</u>	<u>(\$241,110)</u>

a) This unfavourable variance includes Kidsport grants (\$128,951) now anticipated to be received in May, State Local Road Grants (\$50,000) that were allocated to capital and timing variances in respect of grants for various festivals and events (\$41,936).

2. Contributions, Reimbursements and Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables	\$1,159,469	\$952,865	(\$206,604)
b) Contributions, Reimbursements & Donations	\$620,953	\$662,129	\$41,176
	<u>\$1,780,422</u>	<u>\$1,614,994</u>	<u>(\$165,428)</u>

a) Estimated Recyclable revenue for the period was below budget predominantly due to lower than anticipated volumes of recycled commodities sold as the Materials Recovery Facility was closed for part of February and March.

b) A favourable timing variance arose for event Sponsorship \$20,810, in addition Insurance reimbursements are \$8,596 higher than budget. The balance of the variance is spread across a number of accounts.

3. Fees and Charges

	YTD Revised Budget	YTD Actual	Variance
a) Refuse Charges	\$17,937,966	\$17,975,367	\$37,401
b) Sports & Recreation Fees	\$5,913,233	\$5,878,409	(\$34,824)
c) Building and Development Fees	\$1,277,607	\$1,649,973	\$372,366
d) Fines and Penalties	\$1,231,983	\$1,189,694	(\$42,289)
e) Other Fees and Charges	\$1,765,882	\$1,729,521	(\$36,361)
Other variances	\$2,958,916	\$2,932,737	(\$26,179)
	<u>\$31,085,587</u>	<u>\$31,355,701</u>	<u>\$270,114</u>



- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) Leisure Centre revenue was below budget by (\$65,179) mainly due to lower Term Programme Activities and a delay in processing Learn to Swim enrolments. This is partially offset by Hire of Facilities and Parks revenue which is \$21,823 above budget.
- c) Favourable variances arose for Building Licenses \$265,190, this includes an error of \$176,000 which is to be remitted to the Building and Construction Industry Training Fund upon receipt of the Building Application for the extension of Lakeside Joondalup. In addition revenue was above budget for Development Application Fees \$40,072, Land Purchase Enquiries \$36,443 and Other Building and Development Charges \$30,070.
- d) This unfavourable variance includes Parking Infringements (\$17,646), Library Fines and Penalties (\$6,384) and Poundage Fees (\$6,716).
- e) Revenue for parking infringements lodged with the Fines Enforcement Registry is (\$42,151) below budget. This revenue deficit is partially offset by lower lodgement fees charged (refer 7a below).

4. Interest Earnings

Interest income exceeded budget by \$63,938 mainly as the volume of funds invested is higher than budgeted due to lower than expected cash outflows.

5. Other Revenue

The variance is mainly related to a timing difference (\$35,950) in respect of anticipated insurance rebates that have not yet materialised.

6. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$37,364,782	\$36,797,624	\$567,158
b) Other Employment Costs	\$2,360,983	\$2,311,499	\$49,484
	<u>\$39,725,765</u>	<u>\$39,109,123</u>	<u>\$616,642</u>

- a) The variance in Salaries and Wages represents vacancies that are presently being filled.
- b) Capital Labour Recoveries are \$63,088 higher than budget due to the timing of using internal labour on capital work. In addition favourable variances arose for Staff Training \$59,364, Study Assistance \$23,288 and Other Employee Costs \$45,591 offset by an unfavourable variance for Agency Employees of (\$138,156) to cover staff vacancies as noted in 6(a).

7. Materials and Contracts



	YTD Revised Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$1,685,936	\$1,408,817	\$277,119
b) Furniture, Equipment and Artworks	\$1,631,025	\$1,383,569	\$247,456
c) External Service Expenses	\$15,350,056	\$14,851,187	\$498,869
d) Charges and Recoveries	(\$303,600)	(\$400,077)	\$96,477
e) Waste Management Services	\$7,298,743	\$7,579,822	(\$281,079)
f) Public Relations and Advertising	\$867,611	\$700,420	\$167,191
Other Materials and Contracts	\$8,100,580	\$7,984,991	\$115,589
	<u>\$34,630,351</u>	<u>\$33,508,729</u>	<u>\$1,121,622</u>

- a) Favourable variances arose for Consultancy expenditure \$246,476 mainly due to the timing of projects, and Fines Enforcement Lodgement Fees \$32,793.
- b) A favourable variance arose for Equipment Hire \$149,808, caused mainly by the timing of invoices for the Joondalup Festival. The remainder of the variance includes favourable timing variances for repairs and maintenance of Parking Ticket Machines \$32,451, Computer and Communications Equipment \$41,391 and CCTV equipment \$25,102.
- c) External contractors and services shows a net favourable variance of \$237,511 as a result of both favourable and unfavourable variances across a variety of areas including Building Cleaning and Maintenance \$90,592, Operation Services \$29,228, Cultural Events \$30,496 and Leisure Planning Projects \$25,781.

The favourable variance also includes bulk Tipping Fees \$76,895 due to lower tonnages being directed to Tamala Park and timing variances on Programme Activities \$112,941 predominantly for the Joondalup Festival and various Environmental Programs.

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

- d) Capital Overhead Recoveries are \$80,780 higher than budget due to the timing of using internal labour on capital work. In addition, the utilisation of City owned Fleet and Plant on capital work has generated a favourable recovery variance of \$15,676.
- e) Bulk waste, recycling and weekend greens collections are (\$200,819) over budget. This is mainly due to higher green tonnages collected and processed.

The cost of processing recyclable materials are (\$87,407) above budget. This is due to additional cost of diverting the recyclable waste to Bayswater during the temporary closure of the Wangara Materials Recovery Facility in February / March.

Bulk waste, recycling and weekend greens collections are (\$200,819) over budget. This is mainly due to higher green tonnages collected and processed than budgeted.

- f) The favourable variance includes Advertising \$33,368, Promotions \$48,606, Signage and Decals \$36,728 and Catering \$33,021 predominantly due to the timing of various events and functions.

8. Utilities



Electricity cost for the City shows a net unfavourable variance of (\$215,262). This includes a favourable variance for Street Lighting \$172,458 and unfavourable variances for Parks (\$184,985) and Community Facilities and City Buildings (\$210,166) which are currently under investigation. In addition Water usage is (\$18,114) above budget.

9. Depreciation

Depreciation includes impairment. The unfavourable variance includes (\$1,596,856) of cumulative prior years' Work-in-Progress balances that did not qualify for capitalisation and has been written back as impairment. In addition, depreciation is over budget on Other Infrastructure Assets (\$314,783) as a result of assets that were capitalised this financial year that were originally acquired in previous financial years.

10. Loss on Asset Disposal

Proceeds from disposal of certain items were above estimated realisation values in the budget, reducing the actual loss on disposal compared to budget estimates.

11. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$2,912,036	\$2,836,562	(\$75,474)
b) New Paths	\$60,000	\$0	(\$60,000)
c) Blackspot Projects	\$791,668	\$736,675	(\$54,993)
Other	\$1,538,849	\$1,524,518	(\$14,331)
	<u>\$5,302,553</u>	<u>\$5,097,755</u>	<u>(\$204,798)</u>

a) The Road Preservation & Resurfacing Program is progressing steadily. This unfavourable variance is primarily due to Main Roads Road Grants for Cockman Road (\$60,162), Trappers Drive (\$28,519) and Hepburn Avenue (\$24,180) for which final claims will be submitted in April. This is partly offset by Hawker Avenue – Dorchester Avenue to Millport Drive \$19,965 and Alma Place \$13,474 which received Roads to Recovery grants earlier than budget as the projects were completed ahead of schedule.

b) This variance is for Connolly Drive Recreational Shared Path (\$60,000) that has been completed and awaiting final invoices before the grant claim can be processed.

c) This unfavourable variance is primarily due to Endeavour Road (\$73,600) for which construction has been delayed awaiting Main Roads WA Design approval. This is partly offset by Ocean Reef Road / Edgewater Drive intersection modification \$18,562 which was completed ahead of schedule.

12. Capital Projects

	YTD Revised	YTD Actual	Variance
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	Budget		
a) Ocean Reef Marina Development	\$518,519	\$136,963	\$381,556
b) Joondalup Performing Arts & Cultural Facility	\$289,064	\$178,772	\$110,292
c) Cafes / Restaurants / Kiosks	\$103,600	\$17,636	\$85,964
d) Materials Recovery Facility	\$62,500	(\$3,141)	\$65,641
e) Other Projects	\$612,002	\$676,443	(\$64,441)
	<u>\$1,585,685</u>	<u>\$1,006,673</u>	<u>\$579,012</u>

- a) Consultants are progressing with tasks associated with the integrated Environmental and Planning Approvals Strategy and it is anticipated that expenditure on the project will increase in the coming months.
- b) Council authorised the City to initiate an “Art Box” architectural design competition for the development of a refined conceptual design. Expenditure is thus anticipated to increase in the coming months.
- c) The site assessment and identification report, including recommendations is scheduled for presentation to the April Strategy Session.
- d) Expenditure on this project has been deferred until June 2013.
- e) This variance is primarily driven by unfavourable variances (\$41,822) and (\$33,666) on the T1 Works & Assets (Operations) Implementation and Phone System – Upgrade to UCS Capability projects respectively due to budget phasing. These are partially offset by a cumulative favourable variance across a number of other projects.

13. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,965,995	\$3,811,295	\$154,700
b) Major Projects Program	\$2,227,218	\$1,770,235	\$456,983
c) Parks Development Program	\$651,606	\$447,448	\$204,158
d) Street Lighting Program	\$256,227	\$96,941	\$159,286
e) Parks Equipment Program	\$1,781,071	\$1,537,567	\$243,504
f) Major Road Construction Program	\$4,414,387	\$3,747,704	\$666,683
Other Works variances - not material	\$5,505,494	\$5,393,672	\$111,822
	<u>\$18,801,998</u>	<u>\$16,804,862</u>	<u>\$1,997,136</u>

- a) The favourable variance includes timing differences on a number of projects including Trailwood Drive \$68,289 and Admiral Grove \$45,765. In addition favourable variances arose on completed projects including Cockman Road - Warwick Road to Hepburn Avenue \$114,433 and Woonona Place – Base Course Stabilisation \$32,393. These are offset by Hepburn Avenue – North Carriageway Karuah to Goollelal (East) (\$117,380) which was completed over budget.
- b) This favourable timing variance includes Currambine Community Centre \$413,067, where work has commenced later than forecast, also Tom Simpson Park Upgrade \$41,917 which is complete and awaiting final invoices.



- c) Favourable timing variances arose on a number landscape and irrigation upgrade projects which are progressing including Mawson Park \$89,237, Hillarys Park \$75,123, Charonia Park \$23,600 and Harbour Rise SAR \$23,550.
- d) The Street Lighting program variance consists of a number of projects which are progressing behind budget phasing including Blue Mountain Drive Lighting Upgrade \$50,000, Lakeside Park – New path lighting \$28,636 and Camberwarra Drive PAW lighting \$16,636. In addition a favourable variance arose for Davidson Terrace \$35,000 which is still under investigation.
- e) This is due to favourable timing variances including Camberwarra Park Playground Equipment \$55,966, due to a swing being incorrectly installed, Admiral Park Playground Equipment \$38,000 and Santiago Park Playground Equipment \$52,430 which are awaiting invoices for payment, and Floodlight and Pole Replacement \$60,000 and Disabled Facilities \$36,889 which are progressing. In addition variances arose for Beaumont Park Playground Equipment \$19,523 which was completed under budget and Fenton Park Tennis Court Decommissioning \$20,000 which is currently out to public consultation to determine replacement infrastructure.
- f) Favourable variances arose for Moore Drive (East) – Connolly Drive to Joondalup Drive \$190,091, which is complete with final commitments of \$143,892 awaiting invoices and Hodges Drive (West) – Marmion Avenue to Ocean Reef Road \$476,592 which is 15 % complete and is awaiting progress invoices for payment.

14. Motor Vehicle Replacements

This unfavourable variance is mainly due to timing differences to budget of (\$267,812). Orders to the extent of \$688,409 have been placed.

15. Closing Funds

	June 2012	March 2013
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Current Assets		
Cash Assets	\$74,807,969	\$96,357,390
Rates and Sundry Debtors	\$1,831,576	\$2,594,039
GST Receivable	\$729,744	\$890,116
Accrued Income	\$1,503,567	\$1,748,797
Advances and Prepayments	\$513,439	\$357,378
	\$79,386,295	\$101,947,720
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$1,632,480)
Sundry Payables	(\$291,231)	(\$1,853,286)
Provisions - Annual Leave	(\$3,402,016)	(\$3,597,090)
Provisions - Other	(\$5,618,870)	(\$6,705,728)
Accrued Expenses	(\$5,238,139)	(\$4,999,335)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$399,638)
GST Payable	(\$116,874)	(\$242,351)
	(\$20,252,973)	(\$19,429,908)
Net Current Assets	\$59,133,322	\$82,517,812
Add: Borrowings	\$1,565,373	\$399,638
Less: Reserves	(\$55,274,861)	(\$55,317,050)
Less: Non-current Provision	(\$1,850,355)	(\$2,045,155)
Closing Funds - Surplus	\$3,573,479	\$25,555,245
Add/(less): Other adjustments	\$74,966	\$74,969
Adjusted Closing Funds - Surplus	\$3,648,445	\$25,630,213