



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 August 2013

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

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(81,545,757)	(81,370,757)	(81,756,847)	386,090	0%
Specified Area Rates		(339,195)	(339,195)	(339,379)	184	0%
Grants and Subsidies	2	(4,305,925)	(1,128,085)	(87,741)	(1,040,344)	(92)%
Contributions Reimbursements and Donations	3	(2,258,993)	(311,271)	(214,808)	(96,463)	(31)%
Profit on Asset Disposals	4	(75,812)	(3,939)	(219,358)	215,419	5469%
Fees and Charges	5	(37,468,658)	(22,885,354)	(22,826,211)	(59,143)	(0)%
Interest Earnings	6	(4,545,377)	(945,813)	(1,017,395)	71,582	8%
Other Revenue/Income	7	(147,500)	(18,750)	(4,098)	(14,652)	(78)%
Total Operating Revenue		(130,687,217)	(107,003,164)	(106,465,837)	(537,327)	(1)%
OPERATING EXPENSES						
Employee Costs	8	55,626,942	10,210,024	9,727,386	482,638	5%
Materials and Contracts	9	49,374,974	8,504,592	7,653,831	850,761	10%
Utilities (gas, electricity, water etc.)	10	6,139,451	1,021,996	947,055	74,941	7%
Depreciation of Non-Current Assets	11	21,016,218	3,547,874	3,257,526	290,348	8%
Loss on Asset Disposal	4	215,682	44,006	5,349	38,657	88%
Interest Expenses		490,458	90,678	89,015	1,663	2%
Insurance Expenses		1,602,758	949,021	940,774	8,247	1%
Total Operating Expenses		134,466,483	24,368,191	22,620,936	1,747,255	7%
(SURPLUS)/DEFICIT FROM OPERATIONS		3,779,266	(82,634,973)	(83,844,901)	1,209,928	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,016,218)	(3,547,874)	(3,257,526)	(290,348)	(8)%
Loss on Asset Disposal		(215,682)	(44,006)	(5,349)	(38,657)	(88)%
Profit on Asset Disposals		75,812	3,939	219,358	(215,419)	(5469)%
Other Non-Current items	12	(242,999)	-	(131,225)	131,225	100%
OPERATING CASH (SURPLUS)/DEFICIT		(17,619,821)	(86,222,914)	(87,019,643)	796,729	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	13	(5,834,548)	(552,000)	(760,096)	208,096	38%
Capital Contributions	14	(330,000)	(5,000)	(1,381,818)	1,376,818	27536%
Acquired Infrastructure Assets		(500,000)	-	-	-	(100)%
Total Non-Operating Revenue		(6,664,548)	(557,000)	(2,141,914)	1,584,914	285%
CAPITAL EXPENDITURE						
Capital Projects	15	4,474,194	783,480	240,464	543,016	69%
Capital Works	16	32,855,563	2,070,189	3,166,495	(1,096,306)	(53)%
Motor Vehicle Replacements	17	2,738,500	775,000	11,540	763,460	99%
Loan Repayment Principal		1,655,977	196,266	196,266	-	0%
Equity Investments		39,712	-	-	-	-
Total Capital Expenditure		41,763,946	3,824,935	3,614,765	210,170	5%
TPRC Development Costs	18	-	-	135,564	(135,564)	(100)%
CAPITAL (SURPLUS)/DEFICIT		35,099,398	3,267,935	1,608,415	1,659,520	51%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		17,479,577	(82,954,979)	(85,411,228)	2,456,249	3%
FUNDING						
Proceeds from Disposal	4	(681,100)	(199,300)	(366,373)	167,073	84%
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)%
CLOSING FUNDS	19	-	(84,909,926)	(86,647,735)	1,737,809	100%



Investment Summary

CITY OF JOONDALUP
August-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	4.38%	4.40%	23,500,000.00	17.71%	10%
AA-	A-1+	St George Bank Term Deposit	3.88%	3.88%	10,400,000.00	7.84%	20%
AA-	A-1+	Westpac Term Deposit	4.05%	4.13%	34,300,000.00	25.85%	20%
AA-	A-1+	NAB Term Deposit	4.06%	3.74%	38,800,000.00	29.24%	20%
A+	A-1	Suncorp Term Deposit	4.03%	4.14%	22,000,000.00	16.58%	15%
A	A-1	Macquarie Term Deposit	3.75%	3.75%	1,000,000.00	0.75%	15%
AAA	A-1+	WA Treasury Corporation 11AM	2.48%	2.59%	2,678,000.00	2.02%	20%

Total Investment Portfolio

Municipal Funds

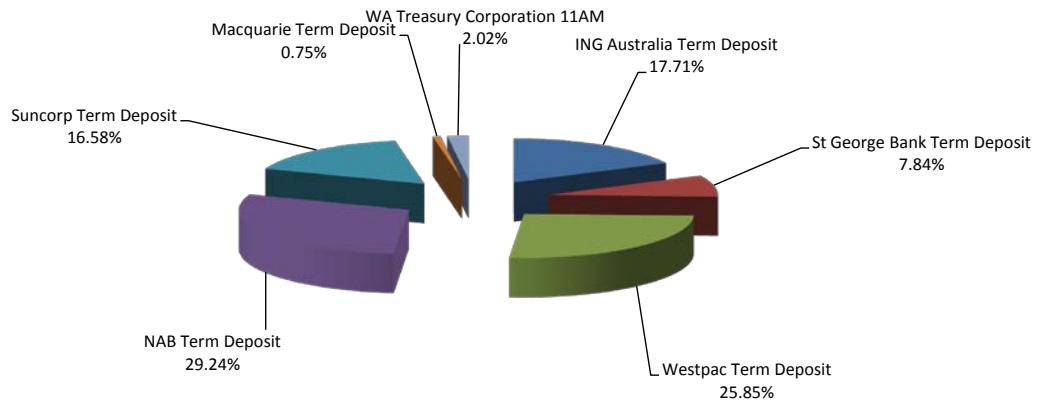
Reserve Funds

73,431,696

59,246,304

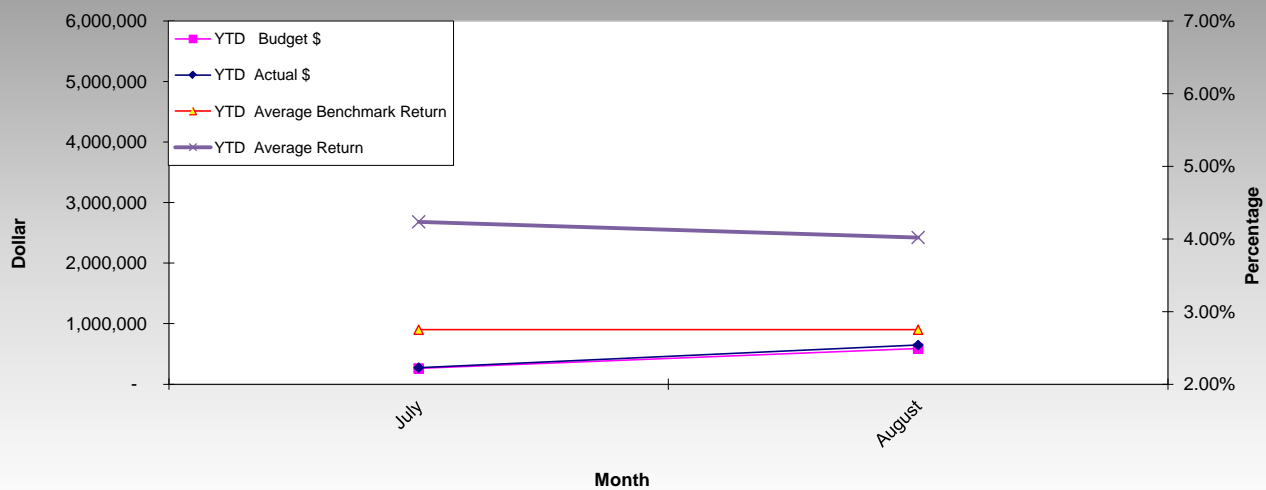
132,678,000

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%
August	328,803	372,095	588,437	646,591	2.75%	4.02%

Return on Investments





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

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC – General Purpose Grant	\$852,952	-	(\$852,952)
b) Other Grants & Subsidies	\$275,133	\$87,741	(\$187,392)
	<u>\$1,128,085</u>	<u>\$87,741</u>	<u>(\$1,040,344)</u>

a) The City is yet to receive the quarterly State General Purpose Assistance Grant generating an unfavourable timing variance of (\$852,952). This is expected to be received in September, but will be lower than budgeted due to a significant part of the City's 2013-14 allocation being received in advance during the 2012-13 financial year. This will be amended during the mid-year budget review.

b) 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 offset by an unfavourable variance of (\$50,000) from Lotterywest for the Hepburn Heights Survey which will be received after the project is completed in December.

An unfavourable variance of (\$85,000) arose for Sponsorship of the BiodiverCities Conference of which (\$65,000) was received in the previous financial year and a further (\$5,000) will be received in September. In addition an unfavourable variance arose of (\$65,000) for the Biodiversities Conference ticket sales of which (\$45,000) will be received in September.

3. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$241,666	\$136,083	(\$105,583)
b) Contributions, Reimbursements & Donations	\$69,605	\$78,725	\$9,120
	<u>\$311,271</u>	<u>\$214,808</u>	<u>(\$96,463)</u>

a) Revenue from the sale of old newspapers for July and August totalling (\$110,814) was not factored into the approximate year to date sales figures. This will be corrected in September.

b) This favourable variance includes unbudgeted Insurance reimbursements of \$13,235 which is partly offset by an unfavourable variance (\$3,777) on contributions expected



in respect of the Youth Liaison Program. The remainder is spread across a number of accounts.

4. Profit / Loss on Asset Disposal

The increased profit on disposal is predominantly due to gains on the unbudgeted disposal of Tamala Park Regional Council (TPRC) land holdings \$218,464.

5. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$19,184,233	\$19,136,131	(\$48,102)
b) Sports & Recreation Fees	\$1,288,930	\$1,255,162	(\$33,768)
c) Building and Development Fees	\$307,333	\$331,653	\$24,320
Other variances	\$2,104,858	\$2,103,265	(\$1,593)
	<u>\$22,885,354</u>	<u>\$22,826,211</u>	<u>(\$59,143)</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 (\$17,219) below budget. This includes lower fee revenue for Term Program Activities (\$14,259), Personal Training (\$21,009) and Admissions (\$8,073) partly offset by higher Learn to Swim enrolments \$21,598 and Memberships \$8,643. In addition an unfavourable variance arose of (\$15,433) for the Hire of Facilities and Parks.
- c) Favourable variances arose for Development Application Fees \$36,357, which includes an application for the expansion of Whitfords Shopping Centre, and Other Building and Development Charges \$18,879 including an application for Lakeside Shopping Centre. These are partially offset by an unfavourable variance of (\$40,391) for Building Licenses due to lower than expected building activity.

6. Interest Earnings

Interest earned on investments exceeded budget by \$58,857 mainly due to the volume of funds invested being higher than budgeted. In addition interest charged on Rates Instalments is \$13,445 higher than budget.

7. Other Revenue / Income

This is due to an unfavourable timing variance of (\$15,450) for Adshel Advertising Revenue which is expected to be received in the coming months.



8. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries and Wages	\$9,141,551	\$8,801,611	\$339,940
b) Other Employment Costs	\$1,068,473	\$925,775	\$142,698
	<u>\$10,210,024</u>	<u>\$9,727,386</u>	<u>\$482,638</u>

- a) The variance in Salaries and Wages is predominantly due to budgeted salary increases from 1 July which are yet to occur.
- b) This includes favourable variances for Other Employee Costs \$93,357, Staff Recruitment \$31,570 and Staff Training \$26,432.

9. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$730,452	\$413,553	\$316,899
b) External Service Expenses	\$3,562,622	\$2,850,501	\$712,121
c) Contributions & Donations	\$250,157	\$189,427	\$60,730
d) Waste Management Services	\$1,690,802	\$1,900,285	(\$209,483)
e) Computing	\$328,049	\$597,360	(\$269,311)
f) Furniture, Equipment & Artwork	\$280,880	\$177,332	\$103,548
Other Materials and Contracts	\$1,661,630	\$1,525,373	\$136,257
	<u>\$8,504,592</u>	<u>\$7,653,831</u>	<u>\$850,761</u>

- a) Favourable timing variances arose for Consultancy expenditure \$263,779 due to delays with the commencement of a number of projects including Joondalup Activity Structure Plan, Coastal Risk Assessment Study and Digital Futures (Digital City Hub feasibility study) which is due to commence in September. Legal Expenses are \$57,829 below budget mainly due to fewer State Administration Tribunal Appeals pursued than anticipated and the delayed commencement of District Planning Scheme No. 3.
- b) External contractors and services show a favourable timing variance of \$773,749; this includes Parks \$421,965, Buildings \$106,239, Natural Areas and Landscaping \$74,455 and Engineering \$78,559. In addition an unfavourable variance of (\$53,980) arose for bulk and domestic Tipping Fees.
- c) Favourable timing variances arose for Sponsorship \$87,833 which includes \$27,000 for the annual Constable Care Child Safety program within the City. In addition Grants and Contributions paid were (\$28,169) over budget, mainly comprising unfavourable timing variances on contributions in respect of Warwick Leisure Centre (\$43,470) and the CAT Bus Service (\$13,474), partly offset by a favourable variance \$20,600 in respect of the Joondalup Volunteer Resource Centre.
- d) Bulk waste collection costs are (\$163,035) over budget predominantly due to approximate tonnages collected for the period being higher than forecast in the budget. In addition, Weekend Greens and Domestic Refuse collections costs are (\$23,087) and (\$15,866) over budget respectively.



- e) Unfavourable timing variances arose for Computer Software Maintenance (\$314,058) due to annual maintenance invoices being processed earlier than budgeted. This is partly offset by favourable timing variances for Computer Software Licences \$36,810.
- f) Favourable timing variances arose for Waste Collection Bins \$28,978 for which an invoice will be processed in September and Computer Equipment Maintenance \$28,403. In addition a favourable variance arose for Computer Equipment Purchases \$40,000 as alternative systems are currently being investigated.

10. Utilities

This is mainly driven by a net favourable variance of \$76,232 on electricity costs due to a combination of lower than expected charges in the period and lower net accruals. This is offset by a net unfavourable variance of (\$1,291) on gas and water costs.

11. Depreciation

The favourable variance is mainly driven by lower depreciation on building assets \$185,776 following revaluation at 30 June 2013 with the remainder of the variance being spread across a number of asset classes. The budget will be updated during the mid-year budget review.

12. Other Non-Current items

This reflects the year to date movement in the non-current long service leave liability, the cumulative value of which will be transferred to the Non Current Long Service Leave Liability Reserve.

13. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$420,000	\$760,096	\$340,096
b) Blackspot Projects	\$132,000	-	(\$132,000)
	<u>\$552,000</u>	<u>\$760,096</u>	<u>\$208,096</u>

- a) A favourable timing variance arose for the Roads to Recovery 4th quarterly payment of \$378,046 which was received ahead of budget phasing.
- b) The State Blackspot claim is behind schedule due to the City being advised a number of projects may be eligible for 100% Federal funding instead of two thirds State funding. Once status is confirmed from Main Roads appropriate claims will be made.

14. Capital Contributions

The City received \$1,381,818 from the Department of Lands from the sale of Crown Land at 2 Gull Street, Marmion which is to be used to partially fund a new car park at the Marmion Angling and Aquatic Club. These funds were budgeted to be received in the previous financial year.



15. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$175,000	\$77,486	\$97,514
b) Joondalup Performing Arts & Cultural Facility	\$128,500	\$21,271	\$107,229
c) Scanner / Printer extra wide in IMS	\$31,000	-	\$31,000
d) Access Control Upgrade Craigie Leisure Centre	-	\$38,400	(\$38,400)
e) Parking Ticket Machine EMV Compliance	\$275,000	-	\$275,000
f) Councils Online	\$30,000	-	\$30,000
Other Projects	\$143,980	\$103,307	\$40,673
	<u>\$783,480</u>	<u>\$240,464</u>	<u>\$543,016</u>

- a) With the completion of the Metropolitan Region Scheme Amendment it is anticipated that a number of outstanding invoices will be received from consultants in the coming months.
- b) The Architectural Design Competition Stage 2 evaluation process was completed and a report on the outcome is currently being prepared for consideration by the Joondalup Performing Arts and Cultural Facility Steering Committee.
- c) Quotes are currently being obtained and will be reviewed before an order is placed.
- d) The access control system was installed in July and commissioning is now complete. This project is funded from amounts carried forward from 2012-13.
- e) The quotation to upgrade the parking ticket machines to include EMV credit card readers is currently being reviewed before an order is placed.
- f) An alternative system is being investigated and a report will be prepared for consideration in the coming months.

16. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$468,605	\$315,628	\$152,977
b) Paths Program	\$99,500	\$205,668	(\$106,168)
c) Major Projects Program	\$752,000	\$410,752	\$341,248
d) Major Building Capital Works Program	\$113,300	\$27,242	\$86,058
e) Parks Equipment Program	\$53,000	\$280,122	(\$227,122)
f) Major Road Construction Program	-	\$862,437	(\$862,437)
g) Traffic Management Program	\$196,625	\$402,095	(\$205,470)
h) Streetscape Enhancement Program	\$16,000	\$346,330	(\$330,330)
Other Works variances - not material	\$371,159	\$313,605	\$57,554
	<u>\$2,070,189</u>	<u>\$3,163,879</u>	<u>(\$1,093,690)</u>

- a) Projects within this program are progressing behind budget phasing. Commitments at the end of August totalled \$1,068,986.



- 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) Favourable timing variances arose for the Multi Storey Car Park, Boas Avenue project \$239,290 and Currambine Community Centre \$116,063 for which construction is 80% complete.
- d) Building Capital works is showing a favourable timing variance from several projects including Mullaloo South Toilet Refurbishment \$38,900 and Air Conditioning for Joondalup Administration Centre \$18,850 and Craigie Leisure Centre \$10,000.
- e) The unfavourable variance is mainly due to Outdoor Gym Equipment projects (\$164,679) and Moolanda Park Cricket Wicket Improvements (\$37,031) which are funded by amounts carried forward from 2012-13. The Playground Tree Planting City Wide program (formerly the Shade Structure Program) is showing an unfavourable variance of (\$47,905) due to the purchase of trees for the winter planting ahead of scheduled phasing.
- f) This variance relates to Hodges Drive Duplication which is funded by monies carried forward from 2012-13. Road construction is complete and the Landscaping will be completed by October 2013.
- g) An unfavourable variance arose for the State Black Spot Program (\$222,066) due to carry forward projects Whitfords Avenue and Eddystone Avenue Signals (\$85,587), Endeavour Road Traffic Management (\$133,571) and Lakeside Drive (\$7,233). The Local Traffic Management Program has a favourable variance of \$16,596 mainly due to the Woodvale Drive project which is complete at \$11,356 below budget.
- h) Streetscape Enhancement Program shows an unfavourable variance with works progressing on projects carried forward from 2012-13 including Burns Beach Road Landscaping (\$72,560), Central Walk Renewal Works (\$141,644), Joondalup Drive (\$98,305) and Entry Statements (\$12,447).

17. Motor Vehicle Replacements

Specifications are awaiting approval for a number of items, once approved orders will be placed.

18. Tamala Park Regional Council (TPRC) Development Costs

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



19. Closing Funds

	June 2013	August 2013
Current Assets		
Cash Assets	\$75,612,053	\$132,886,451
Rates and Sundry Debtors	\$2,029,835	\$46,468,501
GST Receivable	\$981,797	\$625,470
Accrued Income	\$1,461,086	\$980,854
Advances and Prepayments	\$448,869	\$108,959
	\$80,533,640	\$181,070,235
Less: Current Liabilities		
Creditors	(\$2,175,318)	(\$5,567,370)
Sundry Payables	(\$154,747)	(\$13,781,526)
Provisions - Annual Leave	(\$3,677,768)	(\$3,720,810)
Provisions - Other	(\$6,543,019)	(\$6,991,629)
Accrued Expenses	(\$5,480,078)	(\$4,404,960)
Income in Advance	(\$1,665,242)	-
Borrowings	(\$1,655,977)	(\$1,459,711)
GST Payable	(\$243,932)	(\$232,803)
	(\$21,596,081)	(\$36,158,809)
Net Current Assets	\$58,937,559	\$144,911,426
Add: Borrowings	\$1,655,977	\$1,459,711
Less: Reserves	(\$59,723,402)	(\$59,723,402)
Closing Funds – Surplus	\$870,134	\$86,647,735

Notes: June 2013 closing funds are subject to audit.