



City of Joondalup

Financial Activity Statement for the
Period Ended 28 February 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 28 February 2013

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(77,339,422)	(77,339,422)	(77,255,970)	(83,452)	(0)%
Grants and Subsidies	1	(2,283,469)	(1,682,312)	(1,468,784)	(213,528)	(13)%
Contributions Reimbursements and Donations	2	(2,437,290)	(1,596,200)	(1,495,516)	(100,684)	(6)%
Profit on Asset Disposals		(65,000)	(47,767)	(53,407)	5,640	12%
Fees and Charges	3	(34,803,301)	(29,808,726)	(29,955,047)	146,321	0%
Interest Earnings		(5,517,254)	(4,287,208)	(4,311,644)	24,436	1%
Other Revenue/Income	4	(183,167)	(147,937)	(112,340)	(35,597)	(24)%
Total Operating Revenue		(122,628,902)	(114,909,572)	(114,652,708)	(256,864)	(0)%
OPERATING EXPENSES						
Employee Costs	5	52,414,709	35,502,680	34,840,004	662,676	2%
Materials and Contracts	6	46,692,872	29,991,486	29,223,675	767,811	3%
Utilities (gas, electricity, water etc.)	7	5,838,289	3,838,487	3,903,768	(65,281)	(2)%
Depreciation of Non-Current Assets	8	21,285,393	14,176,924	16,088,791	(1,911,867)	(13)%
Loss on Asset Disposal	9	340,409	188,228	120,024	68,204	36%
Interest Expenses		580,368	396,728	396,701	27	0%
Insurance Expenses		1,417,165	1,406,007	1,409,718	(3,711)	(0)%
Total Operating Expenses		128,569,205	85,500,540	85,982,681	(482,141)	(1)%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,940,303	(29,409,032)	(28,670,027)	(739,005)	(3)%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,285,393)	(14,176,924)	(16,088,791)	1,911,867	13%
Loss on Asset Disposal		(340,409)	(188,228)	(120,024)	(68,204)	(36)%
Profit on Asset Disposals		65,000	47,767	53,407	(5,640)	(12)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,620,499)	(43,726,417)	(44,825,435)	1,099,018	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	10	(8,346,895)	(4,332,346)	(3,340,195)	(992,151)	(23)%
Capital Contributions		(1,633,178)	(18,178)	(18,178)	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,480,073)	(4,350,524)	(3,358,373)	(992,151)	(23)%
CAPITAL EXPENDITURE						
Capital Projects	11	3,080,384	1,288,670	770,982	517,688	40%
Capital Works	12	33,469,749	15,898,574	14,319,857	1,578,717	10%
Motor Vehicle Replacements	13	3,266,188	1,670,200	1,840,599	(170,399)	(10)%
Loan Repayment Principal		1,565,374	962,791	962,791	0	0%
Equity Investments		37,432	18,715	18,385	330	2%
Total Capital Expenditure		41,419,127	19,838,950	17,912,614	1,926,336	10%
CAPITAL (SURPLUS)/DEFICIT		30,939,055	15,488,426	14,554,241	934,185	6%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,318,556	(28,237,991)	(30,271,194)	2,033,204	7%
FUNDING						
Proceeds from Disposal		(774,100)	(331,757)	(563,297)	231,540	70%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(160,000)	(120,000)	(40,000)	(25)%
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	14	(0)	(32,336,004)	(34,580,039)	2,244,036	7%



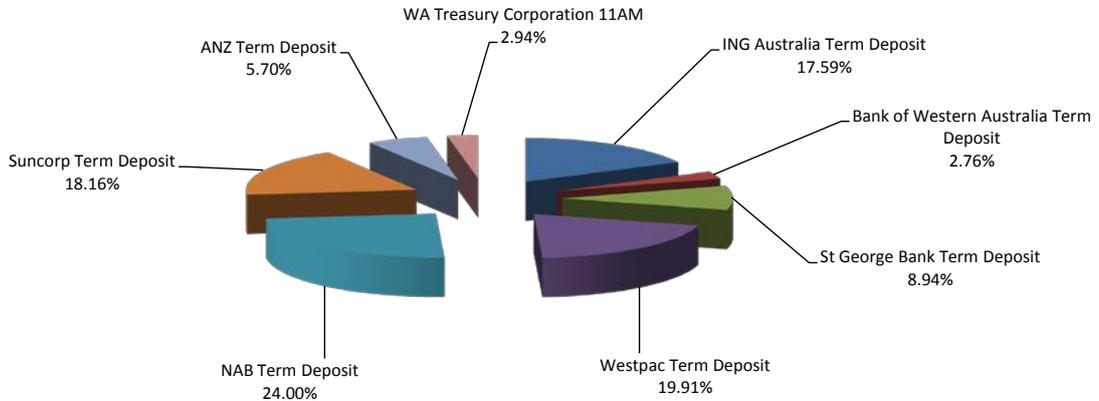
Investment Summary

CITY OF JOONDALUP
February-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	5.08%	5.27%	18,500,000.00	17.59%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	4.53%	5.26%	2,900,000.00	2.76%	20%
AA-	A-1+	St George Bank Term Deposit	5.11%	5.15%	9,400,000.00	8.94%	20%
AA-	A-1+	Westpac Term Deposit	4.56%	5.07%	20,950,000.00	19.91%	20%
AA-	A-1+	NAB Term Deposit	4.68%	4.94%	25,250,000.00	24.00%	20%
A+	A-1	Suncorp Term Deposit	4.53%	4.95%	19,100,000.00	18.16%	15%
AA-	A-1+	ANZ Term Deposit	4.54%	4.54%	6,000,000.00	5.70%	20%
A-1+	AAA	WA Treasury Corporation 11AM	2.95%	3.22%	3,098,000.00	2.94%	20%

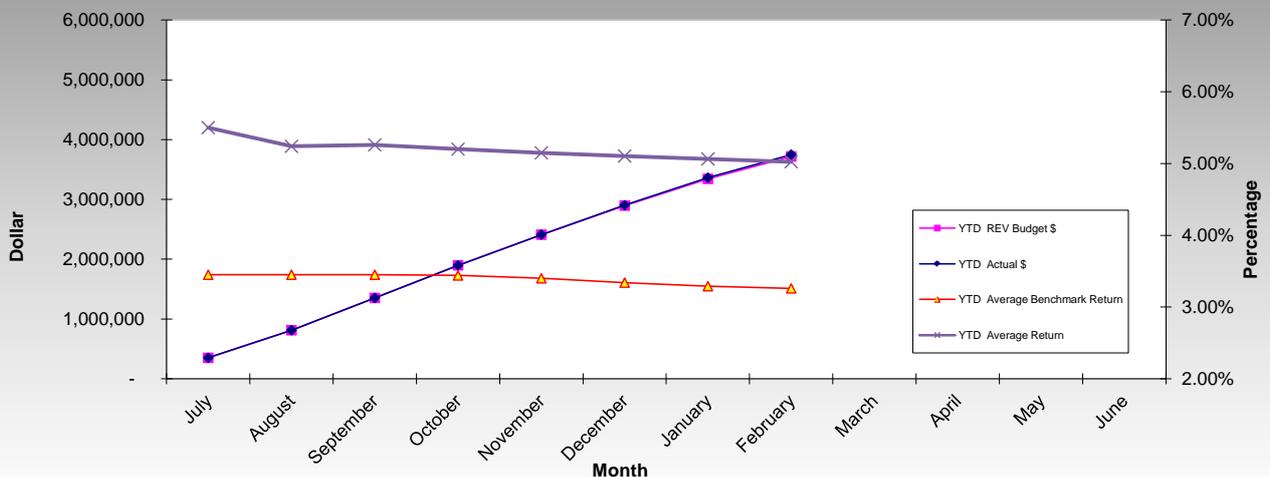
Total Investment Portfolio		4.71%	5.02%	105,198,000	100.00%	
Municipal Funds				51,561,614		
Reserve Funds				53,636,386		
				105,198,000		

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%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 28 FEBRUARY 2013

1. Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Other Grants and Subsidies	\$452,366	\$238,838	(\$213,528)
WALGGC - General Purpose Grant	\$1,229,946	\$1,229,946	-
	<u>\$1,682,312</u>	<u>\$1,468,784</u>	<u>(\$213,528)</u>

- a) This unfavourable variance includes Kidsport grants (\$128,951) now anticipated to be received in March, State Local Road Grants (\$50,000) that were allocated to capital and variances in respect of grants for various festivals and events (\$18,364).

2. Contributions, Reimbursements and Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables	\$1,020,831	\$948,982	(\$71,849)
b) Contributions, Reimbursements & Donations	\$575,369	\$546,534	(\$28,835)
	<u>\$1,596,200</u>	<u>\$1,495,516</u>	<u>(\$100,684)</u>

- a) Estimated Recyclable revenue for the period was below budget due to lower than anticipated volumes of recycled commodities sold as the Materials Recovery Facility was closed for part of February.
- b) The City is yet to invoice Mindarie Regional Council for their portion of Tamala Park Rates, which caused an unfavourable variance of (\$25,015). This will be invoiced upon receipt of the Rates notice from the City of Wanneroo, which is expected to be received in March. 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	\$17,967,478	\$29,512
b) Sports & Recreation Fees	\$5,229,185	\$5,368,807	\$139,622
c) Building and Development Fees	\$1,162,384	\$1,278,267	\$115,883
d) Fines and Penalties	\$1,092,899	\$1,046,108	(\$46,791)
e) Hire and Rentals	\$471,118	\$434,038	(\$37,080)
Other variances	\$3,915,174	\$3,860,349	(\$54,825)
	<u>\$29,808,726</u>	<u>\$29,955,047</u>	<u>\$146,321</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 \$111,127 mainly due to higher aquatic admissions and significantly high swim school enrolments. In addition, revenue for the Hire of Facilities and Parks is \$20,708 above budget.
- c) Favourable variances arose for Building Licenses \$53,013, Development Application Fees \$22,095 and Other Building and Development Charges \$32,055.
- d) This unfavourable variance includes Parking Infringements (\$27,097) due to a delay in the lodgement of invoices to Fines Enforcement Registry (ref 6(a) below). The balance is spread across a number of areas.
- e) This variance is due to the incorrect phasing of the budget and will correct itself in future periods.

4. Other Revenue

The variance is mainly related to a timing difference (\$34,450) in respect of anticipated insurance rebates that have not yet materialised.

5. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$33,264,514	\$32,671,119	\$593,395
b) Other Employment Costs	\$2,238,166	\$2,168,885	\$69,281
	<u>\$35,502,680</u>	<u>\$34,840,004</u>	<u>\$662,676</u>

- a) The variance in Salaries and Wages represents vacancies that are presently being filled and accords with the pattern in previous years.
- b) Capital Labour Recoveries are \$70,625 higher than budget due to the timing of using internal labour on capital work. In addition favourable variances arose for Staff Training \$41,951 and Study Assistance \$14,077 offset by an unfavourable variance for Agency Employees of (\$56,228)

6. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$1,349,108	\$1,228,597	\$120,511
b) Furniture, Equipment and Artworks	\$1,232,305	\$1,031,039	\$201,266
c) External Service Expenses	\$13,330,067	\$13,036,763	\$293,304
d) Charges and Recoveries	(\$249,219)	(\$365,320)	\$116,101
e) Waste Management Services	\$6,488,520	\$6,714,869	(\$226,349)
f) Public Relations and Advertising	\$727,607	\$584,995	\$142,612
Other Materials and Contracts	\$7,113,098	\$6,992,732	\$120,366
	<u>\$29,991,486</u>	<u>\$29,223,675</u>	<u>\$767,811</u>



- a) Consultancy expenditure is \$81,100 below budget mainly due to the timing of projects. In addition a favourable variance arose for Lodgement Fees \$39,886 due to a delay in lodgement with the Fines Enforcement Registry (ref 3(d) above).
- b) A favourable variance arose for Equipment Hire \$86,059, caused mainly by the timing of invoices for the Valentines Concert and Leisure Centre Fitness equipment. The remainder of the variance includes favourable timing variances for repairs and maintenance of Parking Ticket Machines \$54,654, Computer and Communications Equipment \$37,160 and CCTV equipment \$18,599.
- c) External contractors and services shows a net favourable variance of \$110,909 as a result of both favourable and unfavourable variances across a variety of areas including Building Cleaning and Maintenance \$100,943, Operation Services \$51,347 and the midweek Lifeguard Patrol (\$51,996). The favourable variance also includes domestic and bulk Tipping Fees \$64,338 due to lower tonnages collected and Programme Activities \$68,823.

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

- d) Capital Overhead Recoveries are \$102,516 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 \$13,592.
- e) The Materials Recovery Facility estimated operating costs are (\$88,562) above budget. This is due to the additional costs associated with the diversion of recyclable waste to Bayswater during the period in addition to the fixed operating costs for the Wangara facility.

Bulk waste, domestic waste, recycling and weekend greens collections are (\$137,787) over budget due to higher tonnages collected than budgeted.

- f) The favourable variance includes Advertising \$46,296, Promotions \$31,518 and Catering \$25,835 predominantly due to the timing of various events and functions.

7. Utilities

Electricity cost for the City shows a net unfavourable variance of (\$52,945), this includes Street Lighting \$124,157, Community Facilities (\$40,863), Parks (\$64,603) and City Buildings (\$72,540). In addition Water usage is (\$16,544) above budget.

8. Depreciation

The unfavourable variance includes (\$1,596,856) of cumulative prior years' Work-in-Progress balances that did not qualify for capitalisation. In addition, depreciation is over budget on Other Infrastructure Assets (\$308,868) as a result of assets that were capitalised this financial year that were originally acquired in previous financial years.

9. Loss on Asset Disposal

Proceeds from disposal of certain items were above estimated realisation values in the budget.



10. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$2,853,829	\$2,248,335	(\$605,494)
b) New Paths	\$60,000	\$0	(\$60,000)
c) Blackspot Projects	\$791,668	\$479,342	(\$312,326)
Other	\$626,849	\$612,518	(\$14,331)
	<u>\$4,332,346</u>	<u>\$3,340,195</u>	<u>(\$992,151)</u>

- a) The Road Preservation & Resurfacing Program is progressing steadily. This unfavourable variance is primarily due to Main Roads Road Grants for Cockman Road (\$180,487), Trappers Drive (\$57,037), Hepburn Avenue (\$243,200) and Admiral Grove (\$42,400) that are awaiting processing of outstanding supplier invoices before final claims can be submitted.
- b) This variance is for Connolly Drive Recreational Shared Path (\$60,000) that has been completed and awaiting final invoices. The grant claim will be processed on completion and receipt of final invoices.
- c) This unfavourable variance is primarily due to Oceanside Promenade (\$257,333) which was awarded additional funding in December 2012. The project is now complete and the second 40% will be claimed in March 2013, with the final 20% claim to be submitted in April upon receipt of final invoices.

11. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$404,011	\$129,345	\$274,666
b) Joondalup Performing Arts & Cultural Facility	\$250,177	\$171,728	\$78,449
c) Cafes / Restaurants / Kiosks	\$79,301	\$12,817	\$66,484
d) Materials Recovery Facility	\$62,500	(\$3,141)	\$65,641
Other Projects	\$492,681	\$460,233	\$32,448
	<u>\$1,288,670</u>	<u>\$770,982</u>	<u>\$517,688</u>

- a) Following Council's endorsement of an integrated Environmental and Planning Approvals Strategy, the City's consultants have commenced the tasks associated with the Strategy and it is anticipated that expenditure on the project will increase in the coming months.
- b) Following consideration of the Market Analysis and Feasibility Study by the Steering Committee and Council the next phase of the project is now underway and expenditure is likely 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.

12. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,467,560	\$3,172,071	\$295,489
b) Major Projects Program	\$1,910,054	\$1,569,122	\$340,932
c) Parks Development Program	\$564,606	\$394,271	\$170,335
d) Traffic Management	\$1,467,779	\$943,587	\$524,192
e) Parks Equipment Program	\$1,581,882	\$1,338,287	\$243,595
Other Works variances - not material	\$6,906,693	\$6,902,519	\$4,174
	<u>\$15,898,574</u>	<u>\$14,319,857</u>	<u>\$1,578,717</u>

- a) The Road Preservation & Resurfacing Program is progressing. The favourable variance is mainly driven by timing differences on a number of projects including Cockman Road \$114,433, Ocean Reef Road – Venturi Drive to Marmion Avenue \$103,733, Lygnern Crescent - Nautilus Way to Celtic Place \$64,023 and Woonona Place \$41,232.
- b) This favourable timing variance includes Currambine Community Centre \$306,814, where work has commenced later than forecast, and Tom Simpson Park Upgrade \$46,901 which is 90% complete.
- c) Favourable timing variances arose for landscape upgrades at Mawson Park \$58,552 and Hillarys Park \$81,940 which are progressing and Charonia Park - irrigation upgrade \$23,600 which is yet to commence.
- d) This variance includes Oceanside Promenade – Mullaloo Drive / Warren Way \$479,781 which is complete and is awaiting final invoices to be processed.
- e) This is due to favourable timing variances including Ocean Reef Skate Park - Mirror Park \$19,323, Camberwarra Park Playground Equipment \$86,522 and Beaumont Park Playground Equipment \$23,654 which are awaiting invoices for payment. Additional timing variances arose on projects that are yet to commence including Santiago Park Playground Equipment \$20,000, Floodlight Replacement Program \$10,000 and Disabled Facilities at various Parks \$25,147.

13. Motor Vehicle Replacements

This unfavourable variance is mainly due to timing differences to budget of (\$170,268). Orders totalling \$1,154,301 have been placed and are scheduled for delivery in the coming months.



14. Closing Funds

	June 2012	February 2013
Current Assets		
Cash Assets	\$74,807,969	\$ 105,166,092
Rates and Sundry Debtors	\$1,831,576	\$7,139,524
GST Receivable	\$729,744	\$ 513,355
Accrued Income	\$1,503,567	\$ 2,152,891
Advances and Prepayments	\$513,439	\$ 368,345
	\$79,386,295	\$115,340,207
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$5,212,763)
Sundry Payables	(\$291,231)	(\$2,110,359)
Provisions - Annual Leave	(\$3,402,016)	(\$3,519,671)
Provisions - Other	(\$5,618,870)	(\$6,668,940)
Accrued Expenses	(\$5,238,139)	(\$5,851,492)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$602,583)
GST Payable	(\$116,874)	(\$98,899)
	(\$20,252,973)	(\$24,064,707)
Net Current Assets	\$59,133,322	\$91,275,500
Add: Borrowings	\$1,565,373	\$602,583
Less: Reserves	(\$55,274,861)	(\$55,317,050)
Less: Non-current Provision	(\$1,850,355)	(\$2,055,963)
Closing Funds - Surplus	\$3,573,479	\$34,505,070
Add/(less): Other adjustments	\$74,966	\$74,969
Adjusted Closing Funds - Surplus	\$3,648,445	\$34,580,039