



City of Joondalup

Financial Activity Statement for the
Period Ended 30 September 2013

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City of Joondalup
Financial Activity Statement
for the period ended 30 September 2013

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(81,545,757)	(81,395,757)	(81,691,877)	296,120	0%
Specified Area Rates		(339,195)	(339,195)	(339,379)	184	0%
Grants and Subsidies	2	(4,305,925)	(1,129,918)	(484,658)	(645,260)	(57)%
Contributions Reimbursements and Donations	3	(2,258,993)	(473,891)	(313,911)	(159,980)	(34)%
Profit on Asset Disposals	4	(75,812)	(3,939)	(328,407)	324,468	8237%
Fees and Charges	5	(37,468,658)	(24,369,260)	(24,198,740)	(170,520)	(1)%
Interest Earnings	6	(4,545,377)	(1,373,227)	(1,503,938)	130,711	10%
Other Revenue/Income	7	(147,500)	(26,625)	(4,124)	(22,501)	(85)%
Total Operating Revenue		(130,687,217)	(109,111,813)	(108,865,034)	(246,779)	(0)%
OPERATING EXPENSES						
Employee Costs		55,626,942	14,484,638	14,480,060	4,578	0%
Materials and Contracts	8	49,374,974	12,894,764	12,068,061	826,703	6%
Utilities (gas, electricity, water etc.)	9	6,139,451	1,525,467	1,381,141	144,326	9%
Depreciation of Non-Current Assets	10	21,016,218	5,296,184	4,861,797	434,387	8%
Loss on Asset Disposal	4	215,682	49,013	96,860	(47,847)	(98)%
Interest Expenses		490,458	132,768	131,683	1,085	1%
Insurance Expenses		1,602,758	951,133	959,469	(8,336)	(1)%
Total Operating Expenses		134,466,483	35,333,967	33,979,071	1,354,896	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		3,779,266	(73,777,846)	(74,885,963)	1,108,117	2%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(21,016,218)	(5,296,184)	(4,861,797)	(434,387)	(8)%
Loss on Asset Disposal		(215,682)	(49,013)	(96,860)	47,847	98%
Profit on Asset Disposals		75,812	3,939	328,407	(324,468)	(8237)%
Other Non-Current items	11	(242,999)	-	(148,885)	148,885	100%
OPERATING CASH (SURPLUS)/DEFICIT		(17,619,821)	(79,119,104)	(79,665,098)	545,994	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	12	(5,834,548)	(637,333)	(1,072,703)	435,370	68%
Capital Contributions	13	(330,000)	(5,000)	(1,381,818)	1,376,818	27536%
Acquired Infrastructure Assets		(500,000)	-	-	-	(100)%
Total Non-Operating Revenue		(6,664,548)	(642,333)	(2,454,521)	1,812,188	282%
CAPITAL EXPENDITURE						
Capital Projects	14	4,474,194	1,016,818	482,266	534,552	53%
Capital Works	15	32,855,563	3,926,540	5,077,036	(1,150,496)	(29)%
Motor Vehicle Replacements	16	2,738,500	895,000	75,010	819,990	92%
Loan Repayment Principal		1,655,977	405,299	405,299	-	0%
Equity Investments		39,712	-	-	-	-
Total Capital Expenditure		41,763,946	6,243,657	6,039,611	204,046	3%
TPRC Development Costs	17	-	-	352,860	(352,860)	(100)%
CAPITAL (SURPLUS)/DEFICIT		35,099,398	5,601,324	3,937,950	1,663,374	30%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		17,479,577	(73,517,780)	(75,727,148)	2,209,367	3%
FUNDING						
Proceeds from Disposal	4	(681,100)	(227,300)	(520,772)	293,472	129%
Loan Funds		-	-	-	-	-
Materials Recovery Facility		(229,557)	(60,000)	-	(60,000)	(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)	(986,719)	(748,928)	(43)%
CLOSING FUNDS	18	-	(75,540,727)	(77,234,639)	1,693,911	100%



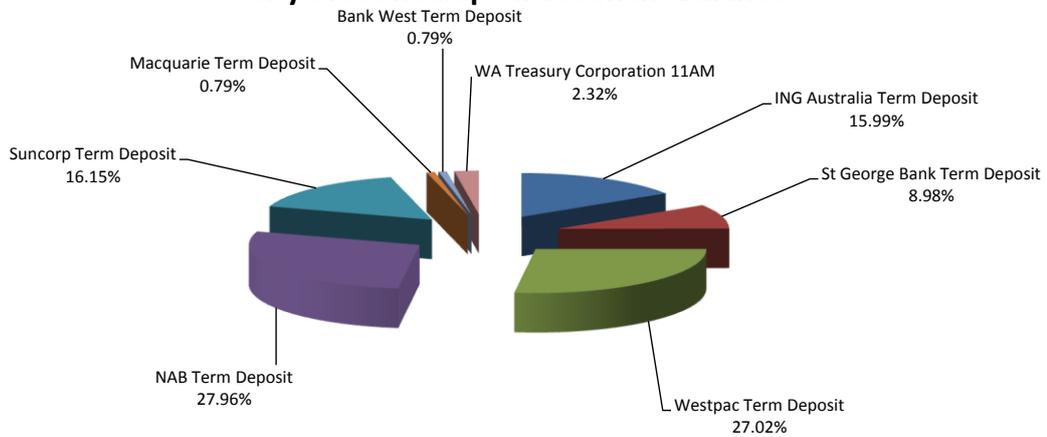
Investment Summary

CITY OF JOONDALUP
September-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	4.20%	4.32%	20,300,000.00	15.99%	15%
AA-	A-1+	St George Bank Term Deposit	3.85%	3.87%	11,400,000.00	8.98%	30%
AA-	A-1+	Westpac Term Deposit	3.92%	4.04%	34,300,000.00	27.02%	30%
AA-	A-1+	NAB Term Deposit	3.98%	3.84%	35,500,000.00	27.96%	30%
A+	A-1	Suncorp Term Deposit	3.96%	4.07%	20,500,000.00	16.15%	15%
A	A-1	Macquarie Term Deposit	3.75%	3.75%	1,000,000.00	0.79%	15%
AA-	A-1+	Bank West Term Deposit	3.72%	3.72%	1,000,000.00	0.79%	30%
AA+	A-1+	WA Treasury Corporation 11AM	2.48%	2.54%	2,948,000.00	2.32%	30%
Total Investment Portfolio			3.95%	3.99%	126,948,000	100.00%	

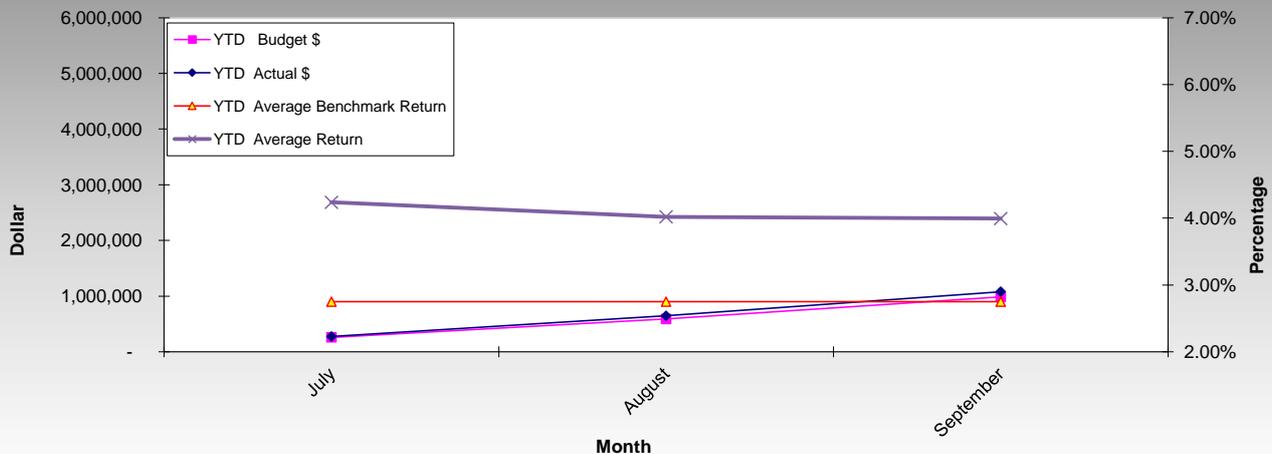
Municipal Funds	68,390,732
Reserve Funds	58,557,268
	126,948,000

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%
September	395,251	433,162	983,687	1,079,754	2.75%	3.99%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2013

1. Rates

Rates income exceeded budget by \$359,724 as a result of adjustment to Gross Rental Value (GRV) caused by interim valuations received after the budget was finalised. This is partially offset by an unfavourable timing variance of (\$63,604) for the Rates Early Payment Prizes.

2. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC – General Purpose Grant	\$852,952	\$396,917	(\$456,035)
b) Other Grants & Subsidies	\$276,966	\$87,741	(\$189,225)
	<u>\$1,129,918</u>	<u>\$484,658</u>	<u>(\$645,260)</u>

a) The quarterly State General Purpose Assistance Grant received is (\$456,035) lower as a significant part of the City's 2013-14 allocation was 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. In addition an unfavourable variance arose of (\$65,000) for the BiodiverCities Conference ticket sales of which (\$43,060) will be received in October.

3. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$362,499	\$173,452	(\$189,047)
b) Contributions, Reimbursements & Donations	\$111,392	\$140,459	\$29,067
	<u>\$473,891</u>	<u>\$313,911</u>	<u>(\$159,980)</u>

a) Revenue for the year to date has been understated and is expected to rise in October as estimates are revised.

- b) This favourable variance is mainly due to unbudgeted Insurance reimbursements of \$17,002 as well as a favourable timing variance of \$24,908 for the WALGA Advertising Rebate. These are offset by unfavourable variances on Contributions (\$8,290) and Sponsorships (\$6,210 with the remainder net favourable variance comprising minor amounts spread across several accounts.

4. Profit / Loss on Asset Disposal

The increased profit on disposal is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land holdings \$326,513, which were not included in the budget.

5. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$19,185,950	\$19,134,839	(\$51,111)
b) Sports & Recreation Fees	\$2,009,902	\$1,932,624	(\$77,278)
c) Building and Development Fees	\$461,500	\$512,722	\$51,222
d) Parking Fees	\$606,250	\$564,430	(\$41,820)
Other variances	\$2,105,658	\$2,054,125	(\$51,533)
	<u>\$24,369,260</u>	<u>\$24,198,740</u>	<u>(\$170,520)</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 (\$64,088) below budget. This includes unfavourable timing variances for Membership Fees (\$92,022) and Admission Fees (\$32,422) partly offset by higher Learn to Swim enrolments \$68,061. In addition an unfavourable variance arose of (\$13,617) for the Hire of Facilities and Parks.
- c) Favourable variances arose for Development Application Fees \$65,110, which includes an application for the expansion of Whitfords Shopping Centre, and Other Building and Development Charges \$14,865 including an application for Lakeside Shopping Centre. These are partially offset by an unfavourable variance of (\$41,257) for Building Licenses due to lower than expected building activity.

6. Interest Earnings

Interest earned on investments exceeded budget by \$97,038 mainly due to the volume of funds invested being higher than budgeted. In addition Rates Instalments and Late Payment Interest are \$34,213 higher than budget.

7. Other Revenue / Income

This is mainly due to an unfavourable timing variance of for Adshel Advertising Revenue which is expected to be received in the coming months.

8. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$899,244	\$522,303	\$376,941
b) External Service Expenses	\$5,361,161	\$5,278,626	\$82,535
c) Contributions & Donations	\$435,740	\$309,800	\$125,940
d) Waste Management Services	\$2,536,203	\$2,630,021	(\$93,818)
e) Public Relations, Advertising and Promotions	\$284,982	\$168,067	\$116,915
f) Furniture, Equipment & Artwork Other Materials and Contracts	\$485,642 \$2,891,792	\$340,838 \$2,818,406	\$144,804 \$73,386
	<u>\$12,894,764</u>	<u>\$12,068,061</u>	<u>\$826,703</u>

- a) Favourable timing variances arose for Consultancy expenditure \$321,494 due to delays in a number of projects including Joondalup Activity Structure Plan, Coastal Risk Assessment Study and Digital Futures (Digital City Hub feasibility study). Legal Expenses are \$43,132 below budget mainly due to fewer State Administration Tribunal Appeals pursued than anticipated and the delayed commencement of District Planning Scheme No. 3.
- b) The favourable variance is the net effect of several offsetting items. External contractors and services shows a favourable variance of \$532,195, caused predominantly by Parks \$530,903 spread across a number of activities, but mainly Turf Mowing \$120,353, Turf Renovation \$116,123, Irrigation Maintenance \$93,685, Fertilising \$70,962 and Landscaping Maintenance \$46,856. This is offset primarily by unfavourable variances of (\$377,986) for bulk and domestic Tipping Fees and (\$88,967) on the ICLE Biodiversity project, with the balance of the net variance spread across a number of line items. The variance on tipping fees includes amounts charged that are under review, for possible reallocation to waste collection in October (refer d) below).
- c) Favourable timing variances arose for Sponsorship \$109,167 which includes \$27,000 for the annual Constable Care Child Safety program within the City. In addition, payments under the Environmental Development Community Funding Program are \$15,000 below budget.
- d) Bulk waste collection costs are (\$249,751) over budget predominantly due to approximate tonnages collected for the period being higher than forecast in the budget. This is offset by Domestic Waste Collection costs which are \$160,480 below budget and are being investigated for possible reallocation from tipping fees of expenses charged there in September (refer (b) above). The remainder of the variance is spread across a number of accounts.
- e) Favourable timing variances, spread across a number of areas, arose for Advertising \$39,526, Promotions \$23,068 and Signage and Decals \$33,416.
- f) Favourable timing variances arose for Computer and other Equipment Purchases and Maintenance \$116,216, which includes \$40,000 for Computer Equipment Purchases as alternative systems are currently being investigated. The remainder of the variance is spread across various accounts.

9. Utilities

This is mainly driven by a net favourable variance of \$149,554 on electricity costs, including Street Lighting \$78,392, mainly due to higher than actual budget estimates in the period which will be reassessed during the mid-year budget review. This is offset by a net unfavourable variance of (\$5,228) on gas and water costs.

10. Depreciation

The favourable variance is mainly driven by lower depreciation on building assets \$278,059 following revaluation at 30 June 2013 with the remainder of the variance spread across a number of asset classes. The budget will be updated during the mid-year budget review.

11. Other Non-Current items

This reflects the year to date movement in the non-current long service leave liability.

12. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$420,000	\$988,332	\$568,332
b) Blackspot Projects	\$217,333	-	(\$217,333)
c) Other Grants	-	\$84,371	\$84,371
	<u>\$637,333</u>	<u>\$1,072,703</u>	<u>\$435,370</u>

a) Favourable timing variances arose for the Roads to Recovery 4th quarterly payment of \$378,046 and the Federal Local Roads Grant 1st quarterly payment of \$178,236 which were received ahead of budget phasing.

b) Grant claims for budgeted Blackspot projects have been deferred to October to accommodate the late notification that several projects are now eligible for 100% Federal funding instead of two-thirds State funding. These claims are expected to be paid in the subsequent months and phasing will be revised during the mid-year budget review.

c) Unbudgeted grants were received for Energy and Water Efficiency Initiatives \$30,500 from the Commonwealth Department of Resources, Energy and Tourism, as well as \$53,871 from LotteryWest for Outdoor Gym equipment installed at Harbour View Park, which is being reviewed.

13. 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.

14. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$254,838	\$148,802	\$106,036
b) Joondalup Performing Arts & Cultural Facility	\$222,750	\$61,816	\$160,934
c) Scanner / Printer extra wide in IMS	\$31,000	-	\$31,000
d) Access Control Upgrade Craigie Leisure Centre	-	\$76,800	(\$76,800)
e) Parking Ticket Machine EMV Compliance	\$275,000	-	\$275,000
f) Councils Online	\$30,000	-	\$30,000
Other Projects	\$203,230	\$194,848	\$8,382
	<u>\$1,016,818</u>	<u>\$482,266</u>	<u>\$534,552</u>

- a) A work program and draft outline for the Local Structure Plan has been prepared. Consultants have submitted scopes of work and fee proposals for consideration and approval.
- b) A report on the Architectural Design Competition process and evaluation is currently being reviewed before being presented to the Joondalup Performing Arts and Cultural Facility Steering Committee.
- c) The option to lease a Scanner / Printer instead of purchasing it is currently under investigation.
- 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) An order has been placed later than expected in the budget to upgrade 55 parking ticket machines to include Europay, Mastercard and Visa (EMV) credit card readers.
- f) An alternative system is being investigated and a report is being prepared for consideration.

15. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,057,482	\$686,104	\$371,378
b) Paths Program	\$166,750	\$265,440	(\$98,690)
c) Major Projects Program	\$1,130,990	\$842,876	\$288,114
d) Major Building Capital Works Program	\$269,800	\$80,376	\$189,424
e) Parks Equipment Program	\$170,500	\$505,926	(\$335,426)
f) Major Road Construction Program	-	\$862,437	(\$862,437)
g) Traffic Management Program	\$320,018	\$470,462	(\$150,444)
h) Streetscape Enhancement Program	\$24,000	\$763,314	(\$739,314)
i) Parks Development Program	\$260,000	\$40,313	\$219,687
Other Works variances - not material	\$527,000	\$559,788	(\$32,788)
	<u>\$3,926,540</u>	<u>\$5,077,036</u>	<u>(\$1,150,496)</u>

- a) Projects within this program are progressing behind budget phasing. Commitments at the end of September totalled \$1,123,193.
- b) Unfavourable timing variances arose totalling (\$128,258) for the Path Replacement Program which was completed ahead of schedule as the contractor was available earlier than anticipated. This is offset by the favourable variance for the New Path Program which is progressing, but is behind budget \$29,568.
- c) Favourable timing variances arose for the Multi Storey Car Park, Boas Avenue project \$327,132 and Currambine Community Centre \$20,659 for which construction is 90% complete. These are partially offset by an unfavourable variance for Delamere Park (\$114,282) which is progressing ahead of phasing.
- d) Building Capital works is showing a favourable timing variance from several projects including Mullaloo South Toilet Refurbishment \$58,900 and Air Conditioning for Joondalup Administration Centre \$48,850 and Craigie Leisure Centre \$33,000. This is offset by an unfavourable variance for Sorrento Bowling Club Toilet upgrade (\$39,134) which is funded by amounts brought forward from 2012-13.
- e) The unfavourable variance is mainly due to Outdoor Gym Equipment projects (\$164,679), Moolanda Park Cricket Wicket Improvements (\$72,897) and Penistone Park Upgrade (\$134,325) 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 (\$28,295) 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) This is mainly due to a net unfavourable variance for the State Black Spot Program (\$202,667) driven primarily by projects Whitfords Avenue and Eddystone Avenue Signals (\$94,294), Endeavour Road Traffic Management (\$120,238) and Lakeside Drive (\$9,084) that are funded from monies brought forward from 2012-13. This is offset by a net favourable variance of \$52,223 on the Local Traffic Management Program mostly due to Quilter Drive \$25,958 and Woodvale Drive \$15,433 which have been completed under budget.
- h) Streetscape Enhancement Program shows an unfavourable variance with works progressing on projects carried forward from 2012-13 including Burns Beach Road Landscaping (\$247,435), Central Walk Renewal Works (\$207,280), Joondalup Drive (\$175,852) and Entry Statements (\$101,975).
- i) The favourable variance comprises a number of projects but is primarily due to Warrandyte Park Landscape upgrade \$88,370, Hillarys Park Landscape Master Plan (LMP) Upgrade Stage 2 \$58,473 and Beldon Park Irrigation Upgrades \$40,000 which are all progressing behind schedule with commitments raised totalling \$556,213.

16. Motor Vehicle Replacements

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

17. Tamala Park Regional Council (TPRC) Development Costs

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

18. Closing Funds

	June 2013	September 2013
Current Assets		
Cash Assets	\$75,612,053	\$129,267,969
Rates and Sundry Debtors	\$2,067,345	\$37,527,259
GST Receivable	\$981,797	\$691,198
Accrued Income	\$1,461,086	\$1,326,816
Advances and Prepayments	\$448,869	\$100,699
	\$80,571,150	\$168,913,941
Less: Current Liabilities		
Creditors	(\$2,175,318)	(\$2,035,005)
Sundry Payables	(\$380,894)	(\$12,089,536)
Provisions - Annual Leave	(\$3,677,768)	(\$3,867,080)
Provisions - Other	(\$6,540,519)	(\$7,190,865)
Accrued Expenses	(\$5,480,079)	(\$6,801,071)
Income in Advance	(\$1,479,105)	-
Borrowings	(\$1,655,978)	(\$1,250,678)
GST Payable	(\$243,932)	(\$88,928)
	(\$21,633,593)	(\$33,323,163)
Net Current Assets	\$58,937,557	\$135,590,778
Add: Borrowings	\$1,655,978	\$1,250,678
Less: Reserves	(\$59,606,816)	(\$59,606,817)
Closing Funds – Surplus	\$986,719	\$77,234,639

Notes: June 2013 closing funds are subject to audit.