

APPENDIX 9

ATTACHMENT 1



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 March 2014

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City of Joondalup
Financial Activity Statement
for the period ended 31 March 2014

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(82,267,891)	(82,192,891)	(82,184,705)	(8,186)	(0)%
Specified Area Rates		(341,591)	(341,591)	(343,559)	1,968	1%
Grants and Subsidies	1	(2,249,304)	(1,741,569)	(1,510,986)	(230,583)	(13)%
Contributions Reimbursements and Donations	2	(2,039,075)	(1,486,022)	(1,707,270)	221,248	15%
Profit on Asset Disposals	3	(1,062,492)	(1,035,022)	(1,705,980)	670,958	65%
Fees and Charges	4	(37,504,959)	(33,284,415)	(33,532,074)	247,659	1%
Interest Earnings		(4,655,792)	(3,868,577)	(3,916,124)	47,547	1%
Other Revenue/Income		(254,442)	(223,431)	(234,332)	10,901	5%
Total Operating Revenue		(130,375,544)	(124,173,517)	(125,135,030)	961,513	1%
OPERATING EXPENSES						
Employee Costs	5	55,829,181	42,154,708	41,776,598	378,110	1%
Materials and Contracts	6	50,232,354	36,656,016	34,354,019	2,301,997	6%
Utilities (gas, electricity, water etc.)		5,986,774	4,427,046	4,431,777	(4,731)	(0)%
Depreciation & Amortisation of Non-Current Assets	7	19,288,030	14,483,140	14,908,263	(425,123)	(3)%
Loss on Asset Disposals	8	295,682	233,172	154,397	78,775	34%
Interest Expenses		488,677	375,840	376,084	(244)	(0)%
Insurance Expenses		1,626,732	1,621,934	1,615,763	6,171	0%
Total Operating Expenses		133,747,430	99,951,857	97,616,901	2,334,956	2%
(SURPLUS)/DEFICIT FROM OPERATIONS		3,371,885	(24,221,660)	(27,518,129)	3,296,469	14%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(19,288,030)	(14,483,140)	(14,908,263)	425,123	3%
Loss on Asset Disposal		(295,682)	(233,172)	(154,397)	(78,775)	(34)%
Profit on Asset Disposals		1,062,492	1,035,022	1,705,980	(670,958)	(65)%
Other Non-Current items	9	(140,000)	(140,000)	(162,105)	22,105	16%
OPERATING CASH (SURPLUS)/DEFICIT		(15,289,335)	(38,042,951)	(41,036,914)	2,993,963	8%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	10	(5,360,046)	(3,040,632)	(3,344,893)	304,261	10%
Capital Contributions		(1,503,497)	(1,407,568)	(1,407,049)	(519)	(0)%
Equity Distribution - TPRC		(666,666)	(666,666)	(666,666)	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	-
Total Non-Operating Revenue		(8,030,209)	(5,114,866)	(5,418,608)	303,742	6%
CAPITAL EXPENDITURE						
Capital Projects	11	4,349,992	2,885,287	1,580,567	1,304,720	45%
Capital Works	12	36,270,283	22,331,035	18,705,579	3,625,456	16%
Motor Vehicle Replacements	13	2,552,577	1,492,577	1,144,295	348,282	23%
Loan Repayment Principal		1,655,977	1,233,205	1,233,205	-	0%
Equity Investments		39,712	19,856	20,583	(727)	0%
Total Capital Expenditure		44,868,540	27,961,960	22,684,229	5,277,732	19%
TPRC Development Costs	14	-	-	188,186	(188,186)	(100)%
CAPITAL (SURPLUS)/DEFICIT		36,838,332	22,847,095	17,453,806	5,393,288	24%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		21,548,997	(15,195,856)	(23,583,108)	8,387,252	55%
FUNDING						
Proceeds from Disposal	15	(711,100)	(529,409)	(2,513,031)	1,983,622	375%
Transfer from Trust		(615,463)	-	-	-	-
Transfer from Reserve		(25,303,600)	-	-	-	-
Transfer to Reserve		5,545,978	-	1,059	(1,059)	(100)%
Transfer to Accumulated Surplus		500,000	-	-	-	-
Transfer from Accumulated Surplus		-	-	(1,059)	1,059	100%
Opening Funds		(986,719)	(986,719)	(986,719)	-	0%
CLOSING FUNDS	16	(21,907)	(16,711,984)	(27,082,858)	10,370,874	100%

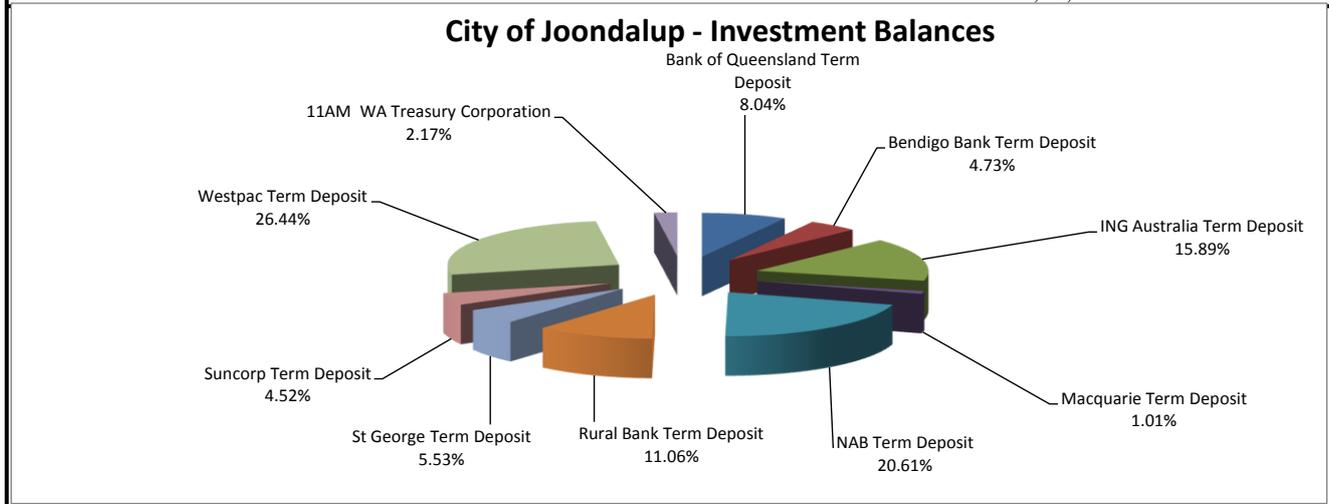


Investment Summary

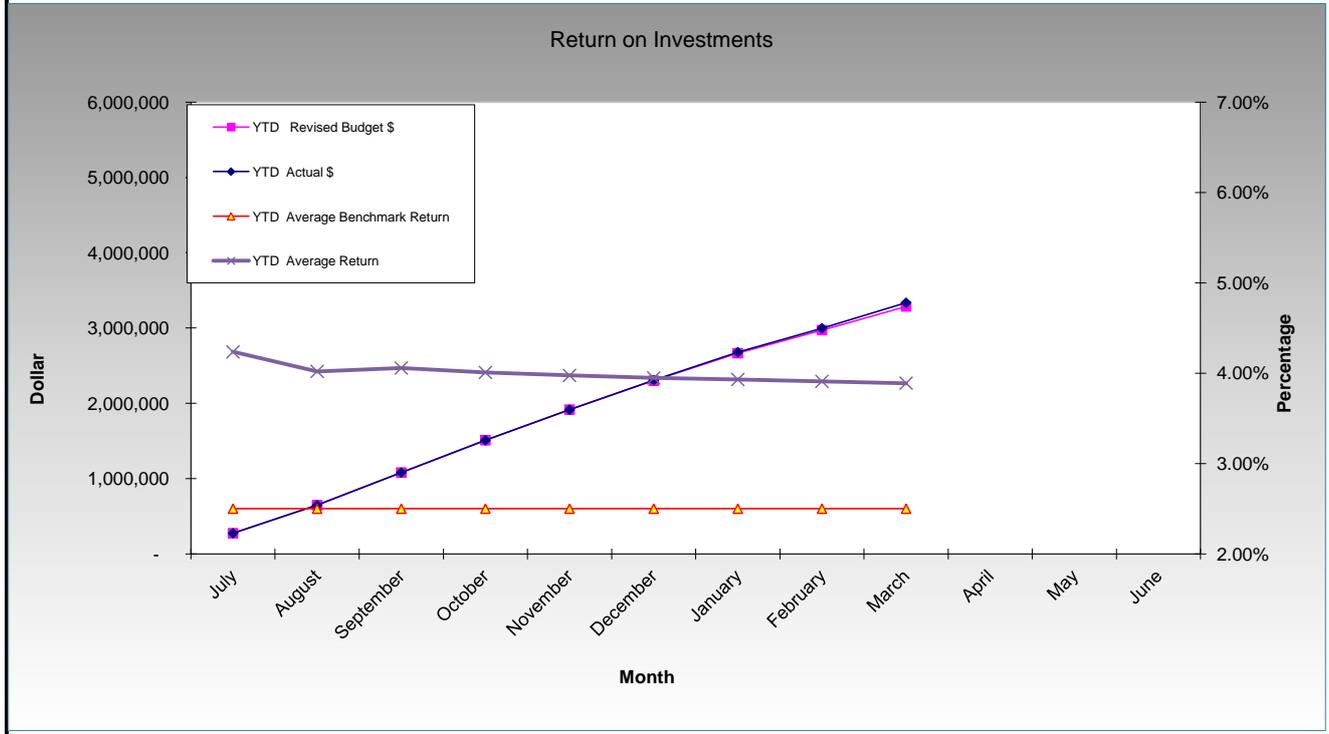
CITY OF JOONDALUP
March-14

Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A-	A-2	Bank of Queensland Term Deposit	3.81%	3.82%	8,000,000	8.04%	10%
A-	A-2	Bendigo Bank Term Deposit	3.79%	3.79%	4,700,000	4.73%	10%
A	A-1	ING Australia Term Deposit	3.80%	4.08%	15,800,000	15.89%	15%
A	A-1	Macquarie Term Deposit	3.75%	3.75%	1,000,000	1.01%	15%
AA-	A-1+	NAB Term Deposit	3.82%	3.93%	20,500,000	20.61%	25%
A-	A-2	Rural Bank Term Deposit	3.82%	3.82%	11,000,000	11.06%	10%
AA-	A-1+	St George Term Deposit	3.72%	3.83%	5,500,000	5.53%	25%
A+	A-1	Suncorp Term Deposit	3.78%	3.95%	4,500,000	4.52%	15%
AA-	A-1+	Westpac Term Deposit	3.79%	3.91%	26,300,000	26.44%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.45%	2.48%	2,158,000	2.17%	25%

Total Investment Portfolio	3.76%	3.89%	99,458,000	100.00%
Municipal Funds			45,035,670	
Reserve Funds			54,422,330	
			99,458,000	



Month	Revised Budget \$	MTD Actual \$	YTD Revised Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	274,610	274,496	274,610	274,496	2.50%	4.24%
August	372,683	372,095	647,293	646,591	2.50%	4.02%
September	433,432	433,162	1,080,725	1,079,754	2.50%	4.06%
October	429,144	429,027	1,509,869	1,508,780	2.50%	4.01%
November	406,259	406,188	1,916,128	1,914,968	2.50%	3.97%
December	384,601	390,809	2,300,729	2,305,777	2.50%	3.95%
January	364,359	372,842	2,665,088	2,678,619	2.50%	3.93%
February	307,082	317,840	2,972,170	2,996,459	2.50%	3.91%
March	314,690	338,785	3,286,860	3,335,244	2.50%	3.89%





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 MARCH 2014

1. Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Other Grants & Subsidies	\$550,817	\$320,234	(\$230,583)
WALGGC – General Purpose Grant	\$1,190,752	\$1,190,752	-
	<u>\$1,741,569</u>	<u>\$1,510,986</u>	<u>(\$230,583)</u>

- a) Kidsport grant funding of (\$153,550) was budgeted to be received in February however this is now forecast to be received in May. In addition unfavourable timing variances arose for Lotterywest grants for the Joondalup Festival (\$43,000) and Hepburn Heights Survey (\$26,807).

2. Contributions, Reimbursements and Donations

	YTD Revised Budget	YTD Actual	Variance
a) Sale of Recyclables	\$923,693	\$983,942	\$60,249
b) Sponsorship	\$94,469	\$132,450	\$37,981
c) Insurance Reimbursements	\$20,005	\$66,547	\$46,542
d) Other Reimbursements	\$447,855	\$524,331	\$76,476
	<u>\$1,486,022</u>	<u>\$1,707,270</u>	<u>\$221,248</u>

- a) Estimated revenue from the Sale of Recyclables is \$60,249 over budget.
- b) Unbudgeted sponsorship of \$27,000 was received from the Community Newspaper Group which will be offset by increased advertising costs. In addition Event sponsorship received to date is \$10,981 higher than budget.
- c) This favourable variance includes unbudgeted Insurance Reimbursements for the roof balcony of the Administration Building \$31,380 and for repairs to the wooden flooring at the Craigie Leisure Centre \$12,700.
- d) Unbudgeted re-imburements were received for the Northern Region Metro Strategic OSH Project \$15,525 and Renewable Energy Certificate rebates \$11,641. In addition, an invoice has been raised for the re-imburement of \$29,123 for Whitfords Activity Centre Traffic and Economic Assessments.



3. Profit on Asset Disposals

The increased profit on disposal is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land holdings \$716,461 which were not in the budget. This is partially offset by lower than anticipated profit of (\$45,502) on the disposal of fleet and plant assets.

4. Fees and Charges

	YTD Revised Budget	YTD Actual	Variance
a) Licenses and Registrations	\$693,131	\$740,675	\$47,544
b) Building and Development Fees	\$1,477,495	\$1,665,649	\$188,154
c) Sports and Recreation Fees	\$6,174,358	\$6,116,972	(\$57,386)
d) Parking Fees	\$1,706,598	\$1,643,424	(\$63,174)
e) Other Fees and Charges	\$1,756,429	\$1,805,609	\$49,180
Refuse Charges	\$19,198,957	\$19,222,365	\$23,408
Other variances	\$2,277,447	\$2,337,380	\$59,933
	<u>\$33,284,415</u>	<u>\$33,532,074</u>	<u>\$247,659</u>

- a) This includes favourable variances for Dog registration fees \$37,492 and Food Business Administration Fees \$17,892 offset by lower than budgeted revenue for Cat registration fees of (\$24,380) due to lower level of registration than estimated.
- b) Favourable variances arose for Development Application Fees \$155,766, which includes applications for multiple dwellings in Duncraig and a gymnasium addition at Lake Joondalup Baptist College, Other Building and Development Charges \$29,252 and Land Purchase Enquiries \$33,274. These are partially offset by an unfavourable variance of (\$35,431) for Building Licenses due to lower than expected building activity and the impact of private certification.
- c) Leisure Centre net revenue is (\$128,173) below budget. This includes unfavourable variances for Admission Fees (\$102,870), mainly due to the leisure pool being closed for the whole of January, Membership Fees (\$31,072), Personal Training (\$26,575) and Court Sport Revenue (\$22,063), offset by higher Learn to Swim revenue of \$47,328. In addition, income from the Hire of City Facilities and Parks is \$63,674 above budget.
- d) On Street Parking Fee income is (\$84,096) below budget due to a reduction in use which normally occurs at this time of the year. This is offset by additional Private Property Agreement revenue \$16,629 due to increased patrols of the new multi-deck and open air car parks at Joondalup Health Campus.
- e) Fines Enforcements Registry Charges revenue is \$40,020 higher than budget. The balance of the variance is spread across a number of areas.



5. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$39,444,549	\$39,167,423	\$277,126
b) Other Employment Costs	\$2,710,159	\$2,609,175	\$100,984
	<u>\$42,154,708</u>	<u>\$41,776,598</u>	<u>\$378,110</u>

- a) The variance in Salaries and Wages is predominantly due to existing staff vacancies.
- b) This includes favourable variances for Staff Recruitment \$67,079, Staff Training \$118,178, Study Assistance \$37,354 and provision for other Employee Costs \$52,215, partially offset by an unfavourable variance for Agency Employees (\$220,933) used to cover staff vacancies.

6. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) External Service Expenses	\$15,726,401	\$14,718,176	\$1,008,225
b) Contribution & Donations	\$1,385,433	\$1,107,303	\$278,130
c) Public Relations, Advertising and Promotions	\$881,724	\$638,220	\$243,504
d) Furniture, Equipment & Artwork	\$1,868,866	\$1,676,005	\$192,861
e) Administration	\$1,138,649	\$1,020,901	\$117,748
f) Charges and Recoveries	(\$197,717)	(\$270,486)	\$72,769
g) Professional Fees & Costs	\$1,382,990	\$1,191,917	\$191,073
h) Materials	\$1,508,352	\$1,427,745	\$80,607
i) Computing	\$1,120,163	\$1,063,833	\$56,330
Other Materials and Contracts	\$11,841,155	\$11,780,405	\$60,750
	<u>\$36,656,016</u>	<u>\$34,354,019</u>	<u>\$2,301,997</u>

- a) The favourable variance is the net effect of several offsetting items. A favourable variance of \$895,161 arose for External contractors and services which is predominantly due to timing variances including Building Maintenance \$253,778, Parks \$409,972 and Cultural Services Events \$139,748 offset by Landscaping and Conservation (\$104,558). These are offset by an unfavourable variance of (\$51,869) on Program Activities predominantly due to budget phasing for the Joondalup Festival. In addition, Domestic and Bulk Tipping Fees are \$136,421 below budget due to lower tonnages than estimated in the budget. The balance of the variance is spread across a number of line items.
- b) Contributions are \$188,472 below budget mainly due to timing variances for contributions to Mullaloo Surf Club, Whitfords Sea Rescue and Co-Working Space. In addition Sponsorship expenditure is \$52,202 below budget due to fewer applications received to date from external bodies and groups.
- c) Favourable variances arose for Advertising \$67,755 including \$31,601 for the Joondalup Festival, Signage and Decals \$51,801, Catering and Bar Stocks \$36,766 and Promotions \$17,967 mainly due to budget phasing compared to actual schedule of events.



- d) This favourable variance includes Hire of Equipment \$152,763 mainly due to the phasing of the expenditure for the Joondalup Festival and Computer & Communications Equipment purchases \$47,622.
- e) This favourable variance is mainly due to timing differences and includes Printing \$24,497, Stationery \$16,688, Other Sundry Expenses \$36,150 and Photography and Video Production \$18,129 spread across a number of areas.
- f) Favourable variances arose for Capital Overhead Recoveries \$40,592 and Fleet and Plant recovery from capital jobs of \$32,234.
- g) A favourable variance arose for Consultancy \$124,853 predominantly due to the scheduling of various projects. In addition Fines Enforcement Lodgement Fees are (\$29,521) below budget mainly due to no lodgement to Fines Enforcement in March.
- h) Refurbishment works are currently being undertaken behind budget phasing generating a favourable timing variance of \$36,782 for Materials - Building Minor Works. In addition, a favourable variance arose of \$38,402 for Materials used by our internal workforce on building maintenance.
- i) Favourable variances arose for Computer Software Licences \$42,006 and Data Communication Links \$23,003 offset by an unfavourable variance of (\$11,831) for Computer Software Maintenance.

7. Depreciation & Amortisation of Non-Current Assets

This unfavourable variance is mainly driven by the prior year adjustment to equity investment in Tamala Park Regional Council \$320,022. The remainder of the variance is due to depreciation charges on assets capitalised after the revised budget was adopted.

8. Loss on Asset Disposals

This variance is driven mainly by lower than estimated loss of \$80,648 on the disposal of fleet and plant assets.

9. Other Non-Current items

This variance is due to the year to date movement in the non-current long service leave liability being higher than estimated.



10. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$2,221,963	\$2,874,397	\$652,434
b) Blackspot	\$588,819	\$282,235	(\$306,584)
c) New Footpaths	\$43,320	-	(\$43,320)
Other Grants	\$186,530	\$188,261	\$1,731
	<u>\$3,040,632</u>	<u>\$3,344,893</u>	<u>\$304,261</u>

- a) This favourable variance includes \$625,187 for Roads to Recovery. This is mainly due to the final grant allocation for the 2009-2014 program which was received in advance.
- b) State Black Spot grant claims are (\$316,488) behind budget. These grants will be claimed once final invoices for completed projects have been received. A budgeted refund to Federal Black Spot of \$9,904, which is yet to be processed, arose due to changes in the scope of the Candlewood Boulevard median treatment project resulting in the project being completed under budget.
- c) An unfavourable timing variance arose of (\$43,320) for West Coast Drive Shared Path. This project is complete and the grant will be claimed in April.

11. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$647,399	\$527,072	\$120,327
b) Joondalup Performing Arts & Cultural Facility (JPACF)	\$148,146	\$93,914	\$54,232
c) License Plate Reader Technology	\$43,750	-	\$43,750
d) Parking Ticket Machine EMV Compliance	\$185,625	-	\$185,625
e) Network Infrastructure Upgrade	\$208,926	\$105,140	\$103,786
f) Warwick Leisure Centre Expansion	\$625,000	-	\$625,000
g) Carpet Renewal CLC	\$93,780	\$58,744	\$35,036
h) Joondalup City Centre Commercial Office Development	\$224,604	\$190,439	\$34,165
Other Projects	\$708,057	\$605,258	\$102,799
	<u>\$2,885,287</u>	<u>\$1,580,567</u>	<u>\$1,304,720</u>

- a) Lead consultants are continuing to liaise with external agencies on the Ocean Reef Marina MRS amendment request.
- b) The JPACF architectural design competition and project status reports will be presented to the JPACF Steering Committee at its April meeting.
- c) Testing of various products is currently being undertaken. The outcomes of the testing will be evaluated before a final product is recommended.



- d) The upgrade of 55 parking ticket machines to include Europay, Mastercard and Visa (EMV) credit card readers is complete; however, an issue with battery failure is being resolved before the invoice is approved for payment.
- e) An order for new servers has been placed in April.
- f) The first payment to Churches of Christ for the expansion of the Warwick Leisure Centre is forecast to be later this financial year.
- g) The carpet at the Craigie Leisure Centre has been replaced in some areas however the foyer area is still in progress.
- h) The City will engage consultants to undertake detailed financial analysis of the preferred developer for this project.

12. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$4,760,211	\$4,223,123	\$537,088
b) Paths Program	\$848,774	\$595,975	\$252,799
c) Bridges Program	\$203,616	\$102,636	\$100,980
d) Parks Equipment Program	\$2,238,260	\$1,670,888	\$567,372
e) Major Building Capital Works Program	\$945,896	\$747,418	\$198,478
f) Traffic Management Program	\$1,458,822	\$1,228,123	\$230,699
g) Streetscape Enhancement Program	\$2,903,741	\$1,972,892	\$930,849
h) Major Projects Program	\$5,027,300	\$4,413,789	\$613,511
i) Parks Development Program	\$1,149,388	\$995,767	\$153,621
Other Works variances - not material	\$2,795,027	\$2,754,968	\$40,059
	<u>\$22,331,035</u>	<u>\$18,705,579</u>	<u>\$3,625,456</u>

- a) Projects within this program are on schedule but most expenditure is behind budget phasing. Variances totalling \$129,352 arose for the four projects on Ocean Reef Road, with night work to be done in April; three projects on Whitfords Avenue are complete showing a current variance of \$227,374. Projects completed under budget include Justin Drive – Porteous Road to Warwick Road West \$32,372 and Hillwood Avenue Stage 1 to South End \$36,070. Commitments at the end of March totalled \$790,697.
- b) A favourable variance arose for Sycamore Drive – Tasca Place to Strathyre Drive \$45,000 as the project has now been withdrawn due to an unfavourable public consultation. Train Station improvements \$37,454 and Spot Improvements to Signage \$25,000 are behind phasing due to negotiations with external agencies for final design and location.
- c) The Bridges program has a favourable variance due to several projects being completed under budget. As this program is funded out of the Roads to Recovery grant a submission to Federal Government has been prepared for these surplus funds to be utilised elsewhere. A surplus of \$38,565 for Whitfords Avenue Underpass has been approved for works to be undertaken during April and May 2014.



- d) The favourable variance is mainly due to Iluka District Open Space sports light upgrade \$169,544 which has experienced delays arising from rock and asbestos discovered on site. Other favourable timing variances include Prince Regent Sports Floodlighting \$113,250 and Timberlane Kindy playground equipment \$62,905 which is now due to commence construction in early April. Orders across the program have been issued for a total of \$1,079,587
- e) The favourable variance is mainly due to Joondalup Library & Reception Centre Chillers \$118,482 which has been scheduled for early June, Joondalup Admin Centre Air Conditioning Works \$65,734 and Timberlane Park Hall \$70,000 which has been withdrawn from the 2013-14 program to be listed in 2014-15 for Design with construction forecast for 2015-16. This is offset by an unfavourable timing variance for Energy and Water Efficiency Initiatives (\$129,340) completed ahead of scheduled phasing.
- f) The favourable variance is primarily due to the State Black Spot Program \$145,570. This includes Blue Mountain Drive median treatment \$60,265 which was completed below budget and Grand Boulevard intersection modifications \$33,935 which is awaiting Western Power connection and final invoices. The Local Traffic Management program has a favourable variance of \$85,129 mainly due to projects being completed below budget. The program is 84% complete with three projects remaining which are forecast for completion in the 4th quarter.
- g) The Streetscape Enhancement Program shows favourable timing variances on several projects. This includes Shenton Avenue Landscaping \$839,824 which is progressing with commitments raised for \$535,159, Entry Statements North and South Arterials \$33,311 where construction is complete pending connection for the up lights from Western Power and the Joondalup Drive entry statement \$38,466 which has commenced construction.
- h) This favourable variance is across a number of projects including the construction of Delamere Park - new park and car park \$90,891 and the Multi Storey Car Park – Boas Ave \$83,721 which are progressing. Additional favourable variances arose for Currambine Community Centre \$105,144 and Admiral Park Redevelopment \$44,992 which are complete and awaiting final invoices totalling \$66,363 and \$16,521 respectively. The concept design for the Bramston Park Facility, \$257,705 is being undertaken in-house and construction is forecast to occur only in 2014-15.
- i) The favourable variance across the Parks Development Program involves a number of projects forecast to complete in the final quarter.

13. Motor Vehicle Replacements

This unfavourable variance is mainly due to net timing differences of actual fleet and plant acquisitions compared to the budget schedule.



14. Tamala Park Regional Council (TPRC) Development Costs

The land development costs as advised by TPRC are not in the 2013-14 revised budget. These are offset against the land disposal proceeds (refer note 15); however, the timing difference between the proceeds and costs advised by TPRC results in a mismatch between the two values at the end of the period.

15. Proceeds from Disposal

The land disposal proceeds as advised by TPRC \$2,218,258 are not in the 2013-14 revised budget. This is offset by fleet and plant asset disposal proceeds to date being (\$229,500) below budget.

16. Closing Funds

	June 2013	March 2014
Current Assets		
Cash Assets	\$75,612,053	\$99,520,842
Rates and Sundry Debtors	\$2,067,345	\$8,403,035
GST Receivable	\$981,797	\$727,721
Accrued Income	\$1,461,086	\$2,023,083
Advances and Prepayments	\$448,869	\$45,580
	\$80,571,150	\$110,720,261
Less: Current Liabilities		
Creditors	(\$2,175,318)	(\$1,094,211)
Sundry Payables	(\$380,894)	(\$5,209,352)
Provisions - Annual Leave	(\$3,677,768)	(\$3,866,146)
Provisions - Other	(\$6,540,519)	(\$7,665,728)
Accrued Expenses	(\$5,480,079)	(\$5,999,082)
Income in Advance	(\$1,479,105)	(\$57,750)
Borrowings	(\$1,655,978)	(\$422,772)
GST Payable	(\$243,932)	(\$137,258)
	(\$21,633,593)	(\$24,452,299)
Net Current Assets	\$58,937,557	\$86,267,962
Add: Borrowings	\$1,655,978	\$422,772
Less: Reserves	(\$59,606,816)	(\$59,607,876)
Closing Funds – Surplus	\$986,719	\$27,082,858