



City of Joondalup

Financial Activity Statement for the
Period Ended 30 September 2014

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(86,062,005)	(85,877,005)	(85,830,238)	(46,767)	(0)%
Specified Area Rates		(404,333)	(404,333)	(404,332)	(1)	(0)%
Grants and Subsidies		(4,095,510)	(933,390)	(940,022)	6,632	1%
Contributions Reimbursements and Donations	1	(1,477,802)	(386,649)	(606,609)	219,960	57%
Profit on Asset Disposals	2	(431,228)	(11,870)	(112,684)	100,815	849%
Fees and Charges	3	(39,103,040)	(25,367,072)	(25,304,106)	(62,966)	(0)%
Interest Earnings	4	(4,027,651)	(1,249,594)	(1,407,850)	158,256	13%
Other Revenue/Income	5	(123,000)	(23,750)	(34,847)	11,097	47%
Total Operating Revenue		(135,724,569)	(114,253,663)	(114,640,688)	387,025	0%
OPERATING EXPENSES						
Employee Costs	6	58,065,565	15,176,453	15,384,359	(207,906)	(1)%
Materials and Contracts	7	50,669,374	12,964,635	10,639,710	2,324,925	18%
Utilities (gas, electricity, water etc.)	8	6,165,121	1,558,436	1,399,217	159,219	10%
Depreciation & Amortisation of Non-Current Assets	9	19,331,487	4,849,520	6,914,106	(2,064,586)	(43)%
Loss on Asset Disposals		1,275,392	47,598	46,253	1,345	3%
Interest Expenses		616,230	108,602	108,238	364	0%
Insurance Expenses		1,639,249	955,665	920,878	34,787	4%
Total Operating Expenses		137,762,419	35,660,909	35,412,761	248,148	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		2,037,850	(78,592,754)	(79,227,927)	635,173	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(19,331,487)	(4,849,520)	(6,914,106)	2,064,586	43%
Loss on Asset Disposal		(1,275,392)	(47,598)	(46,253)	(1,345)	(3)%
Profit on Asset Disposals		431,228	11,870	112,684	(100,815)	(849)%
Other Non-Current items						
Movement in Non-current Assets		-	-	(7,962)	7,962	100%
Movement in Non-current Provisions	10	(120,000)	(120,000)	(27,383)	(92,617)	(77)%
OPERATING CASH (SURPLUS)/DEFICIT		(18,257,801)	(83,598,003)	(86,110,947)	2,512,944	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(9,277,327)	(3,002,154)	(3,953,613)	951,459	32%
Capital Contributions	12	-	-	(5,000)	5,000	100%
Equity Distribution - TPRC		(2,500,000)	-	-	-	-
Acquired Infrastructure Assets		(500,000)	-	-	-	-
Total Non-Operating Revenue		(12,277,327)	(3,002,154)	(3,958,613)	956,459	32%
CAPITAL EXPENDITURE						
Capital Projects	13	5,338,865	1,121,373	521,087	600,286	54%
Capital Works	14	44,446,548	7,399,911	4,173,508	3,226,403	44%
Motor Vehicle Replacements	15	2,295,686	-	62,332	(62,332)	(100)%
Loan Repayment Principal		1,804,454	342,208	342,208	-	0%
Equity Investments		42,135	-	-	-	0%
Total Capital Expenditure		53,927,688	8,863,491	5,099,135	3,764,357	42%
TPRC Development Costs	16	-	-	137,314	(137,314)	(100)%
CAPITAL (SURPLUS)/DEFICIT		41,650,361	5,861,337	1,277,836	4,583,501	78%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		23,392,560	(77,736,665)	(84,833,111)	7,096,446	9%
FUNDING						
Proceeds from Disposal	17	(3,890,150)	(135,350)	(259,083)	123,733	91%
Loans - New Borrowings		(13,045,423)	-	-	-	-
Transfer from Trust		(296,395)	-	-	-	-
Transfer from Reserve		(15,521,228)	-	-	-	-
Transfer to Reserve		8,970,004	-	-	-	-
Transfer to Accumulated Surplus		500,000	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds		(146,474)	(146,474)	(1,065,447)	918,973	627%
CLOSING FUNDS	18	(37,106)	(78,018,489)	(86,157,641)	8,139,152	100%



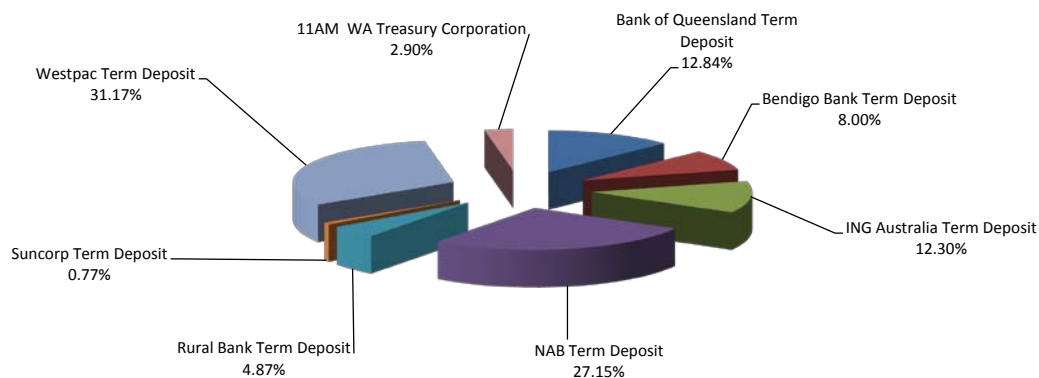
Investment Summary

CITY OF JOONDALUP
September-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	3.66%	3.70%	16,600,000	12.84%	10%
A-	A-2	Bendigo Bank Term Deposit	3.64%	3.67%	10,340,000	8.00%	10%
A-	A-2	ING Australia Term Deposit	3.69%	3.73%	15,900,000	12.30%	10%
AA-	A-1+	NAB Term Deposit	3.64%	3.65%	35,100,000	27.15%	25%
A-	A-2	Rural Bank Term Deposit	3.67%	3.76%	6,300,000	4.87%	10%
A+	A-1	Suncorp Term Deposit	3.60%	3.60%	1,000,000	0.77%	15%
AA-	A-1+	Westpac Term Deposit	3.65%	3.66%	40,300,000	31.17%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.45%	2.45%	3,743,000	2.90%	25%

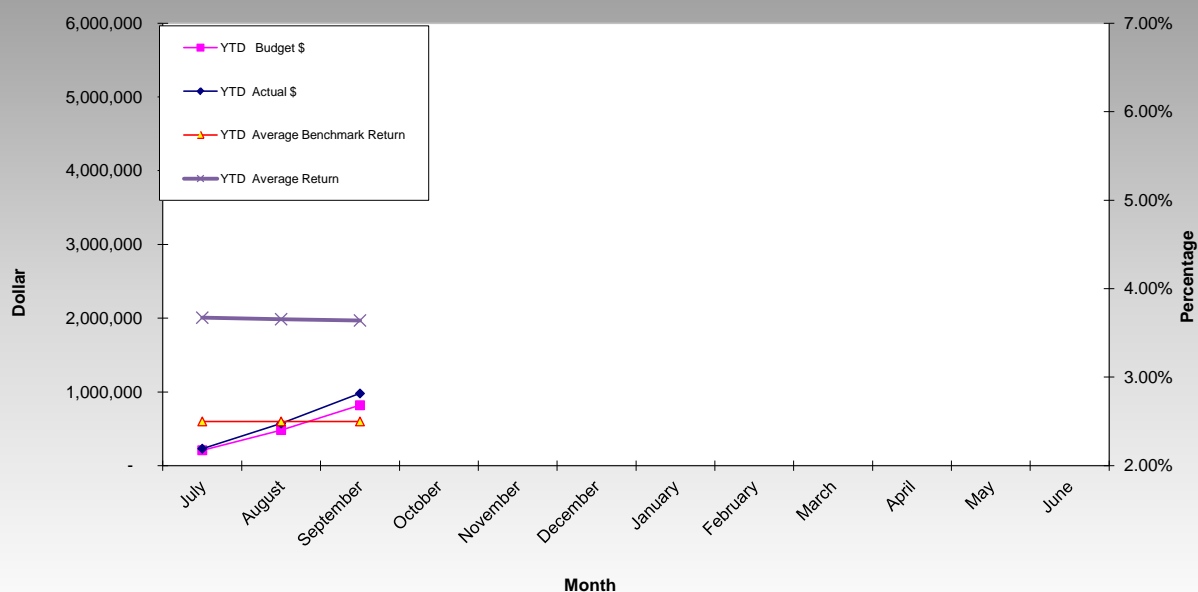
Total Investment Portfolio	3.62%	3.64%	129,283,000	100.00%	
Municipal Funds			78,621,062		
Reserve Funds			50,661,938		
			129,283,000		

City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	208,895	230,623	208,895	230,623	2.50%	3.67%
August	274,224	341,874	483,120	572,498	2.50%	3.65%
September	335,974	406,407	819,094	978,905	2.50%	3.64%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 SEPTEMBER 2014

1. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$258,765	\$341,403	\$82,638
b) Other Reimbursements	\$127,884	\$265,206	\$137,322
	<u>\$386,649</u>	<u>\$606,609</u>	<u>\$219,960</u>

- a) The volume of recyclable sales has been accrued based on July actual sales as no invoices have been received yet for August and September; this estimate is higher than budget.
- b) Unbudgeted reimbursements were received from Main Roads for fencing at Carnaby Reserve \$27,462 which is fully offset by unbudgeted External Contractor expenditure, and also for their share of the 2013-14 maintenance costs for Marmion Avenue Median \$23,148 which was budgeted to be received in the previous financial year. Favourable variances also arose for Parental Leave reimbursements from Centrelink of \$26,565 which were previously credited against employee costs, Sponsorship \$18,263 and \$16,347 for fuel tax credits and vehicle license and insurance reimbursements. The balance of the variance is spread across a number of areas.

2. Profit on Asset Disposals

This variance is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels \$112,683 which were not included in the budget. This is partially offset by lower than estimated profit of (\$11,870) on the disposal of Fleet and Plant assets.

3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Inspection and Control Fees	\$608,952	\$686,333	\$77,381
b) Sports and Recreation Fees	\$2,114,502	\$2,063,091	(\$51,411)
c) Fines and Penalties	\$394,020	\$297,820	(\$96,200)
Refuse Charges	\$19,934,750	\$19,965,329	\$30,579
Other variances	\$2,314,848	\$2,291,533	(\$23,315)
	<u>\$25,367,072</u>	<u>\$25,304,106</u>	<u>(\$62,966)</u>

- a) Higher than budgeted income arose for Swimming Pool Inspection Fees \$60,432 and Other Inspection Fees \$16,949.



- b) Leisure Centre net revenue is (\$82,807) below budget mainly due to unfavourable variances for Membership Fees (\$139,551) and Admission Fees (\$29,367) offset by a favourable timing variance for the Learn to Swim program \$92,965. This is partially offset by revenue for the Hire of City Facilities and Parks which is \$29,482 higher than budget. Phasing of Membership Fees income will be adjusted at the Mid Year Review to reflect changes with membership sales and retention strategies.
- c) The volume of Infringements issued for Parking (paid and suburban) was lower than estimated in the budget resulting in an unfavourable variance of (\$67,491). In addition Building, Planning and Environmental Health non compliance fines are (\$22,997) lower than budget estimates.

4. Interest Earnings

Interest earned on investments exceeded budget by \$158,256 mainly due to the volume of funds invested being higher than budgeted.

5. Other Revenue

This includes a favourable timing variance of \$10,234 for our share of Adshel Advertising Revenue and unbudgeted Discounts Received of \$863.

6. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries and Wages	\$14,073,759	\$14,288,979	(\$215,220)
b) Other Employment Costs	\$1,102,694	\$1,095,380	\$7,314
	<u>\$15,176,453</u>	<u>\$15,384,359</u>	<u>(\$207,906)</u>

- a) The Provision for Employee Entitlements is (\$574,099) higher than budget and is dependent on the timing of annual and long service leave taken. This is partially offset by a favourable variance of \$358,879 mainly for vacancies across various areas.
- b) This includes favourable variances for Staff Training \$100,933, Capital Labour Recoveries \$58,698, Study Assistance \$19,643 and Staff Recruitment Costs \$28,771. These are partially offset by an unfavourable variance for Agency Employees (\$200,606) predominantly used to cover staff vacancies.



7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) External Service Expenses	\$5,474,967	\$4,087,189	\$1,387,778
b) Professional Fees and Costs	\$742,572	\$440,978	\$301,594
c) Materials	\$565,792	\$314,627	\$251,165
d) Administration	\$293,234	\$226,203	\$67,031
e) Furniture, Equipment and Artworks	\$411,257	\$326,153	\$85,104
f) Computing	\$742,250	\$598,102	\$144,148
g) Public Relations, Advertising and Promotion	\$208,972	\$157,963	\$51,009
Other Materials and Contracts	\$4,525,591	\$4,488,495	\$37,096
	<u>\$12,964,635</u>	<u>\$10,639,710</u>	<u>\$2,324,925</u>

- a) A favourable variance of \$936,709 arose for External Contractors and Services. This mainly comprises timing variances including Parks \$633,593, Building Maintenance \$33,125, Engineering Maintenance \$74,325, Landscaping and Conservation \$128,092 and Graffiti Removal \$24,682. This variance also includes Domestic and Bulk Tipping Fees which are \$428,370 below budget mainly due to an average landfill levy fee applied for the full year of the budget, although actual fees will increase from January 2015 and offset this variance. In addition a favourable timing variance arose for Environmental and Community Development Program Activities of \$31,460.
- b) Consultancy expenditure is \$306,683 below budget mainly due to the rescheduling of projects including Edgewater Quarry Master Plan, Waste Management Services Re-tender and Pathogen Mapping. In addition, favourable variances arose for Fines Enforcement Lodgement Fees \$14,515 and Licence Fees \$11,757. These are offset by unfavourable variances of (\$26,510) for Landgate Valuation Fees due to the Triennial Revaluation fees being higher than estimated in the budget and legal Expenses (\$11,285).
- c) This favourable timing variance is primarily in respect of Materials used by External Contractors \$173,412 and Materials used by the City on building maintenance \$26,037. In addition the purchase of trading stock for the Leisure Centre pro shop is \$23,909 below budget.
- d) This favourable variance includes printing \$32,604, Stationery \$16,879 and Corporate Memberships \$12,184.
- e) A favourable variance arose of \$52,298 for Plant and Equipment Purchases mainly due to the timing of the purchase of waste bins and Leisure Centre equipment. The balance of the favourable variance includes Plant and Equipment Repairs and Maintenance \$13,330, incorporating favourable timing variances for Parking Ticket Machines \$41,761 and CCTV equipment \$13,402 offset by an unfavourable variance of (\$45,790) for the Craigie Leisure Centre, predominantly due to unscheduled maintenance within the plant room and refurbishment of the lap pool filter. In addition Computer Equipment Maintenance is \$17,650 below budget.



f) This is mainly due to favourable timing variances for Computer Software Maintenance \$90,413, Computer Software Licences \$34,560 and Data Communication Links \$16,721.

g) This includes favourable timing variance for Promotions \$38,890 and Signage and Decals \$10,687.

8. Utilities

This favourable variance includes electricity costs \$150,514, of which \$87,010 relates to Street Lighting currently being investigated and the balance due to a combination of lower usage and reduced tariffs for contestable sites as a result of the abolishment of the Carbon Tax. In addition favourable variances arose for water \$7,176 and gas \$1,529.

9. Depreciation and Amortisation of Non-Current Assets

Infrastructure Assets depreciation is (\$1,966,861) over budget as a result of the fair value revaluation of assets in 2013-14. In addition, depreciation is over budget on Property, Plant and Equipment Assets (\$97,726). The depreciation budget will be adjusted in the mid-year review.

10. Non-Current Provisions

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

11. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$1,046,154	\$1,657,991	\$611,837
b) Major Road Construction	\$1,880,000	\$2,173,333	\$293,333
c) Other Grants	\$76,000	\$122,289	\$46,289
	<u>\$3,002,154</u>	<u>\$3,953,613</u>	<u>\$951,459</u>

- a) The City received the first quarterly payment of the Federal Local Roads grant \$519,020 ahead of budget phasing. In addition, \$74,117 was received for the 2013-14 Metropolitan Regional Road Grants program which was budgeted to be received in the previous financial year and Direct Grants received are \$18,700 higher than budget estimates.
- b) The City lodged and received the final grant claim of \$293,333 for the Hodges Drive duplication project. These funds were budgeted to be received in the previous financial year.



- c) The City received a contribution from the Department of Education of \$28,750 for additional parking at Woodvale Senior High School and a Lottery West grant of \$17,539 for the construction of a dual use path at Hepburn Heights Reserve which were both budgeted to be received in 2013-14.

12. Capital Contributions

An unbudgeted contribution of \$5,000 was received from Centra Currambine for trees installed by the City along the public access way.

13. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$408,500	\$102,145	\$306,355
b) Joondalup Performing Arts & Cultural Facility (JPACF)	\$226,373	\$13,293	\$213,080
c) Water Playground Pebble Flex	\$80,000	\$24,875	\$55,125
d) Cafes, Kiosks and Restaurants	\$61,000	\$14,413	\$46,587
Other Projects	\$345,500	\$366,361	(\$20,861)
	<u>\$1,121,373</u>	<u>\$521,087</u>	<u>\$600,286</u>

- a) Meetings with consultants regarding the Public Environmental Review and Local Structure Plan are ongoing, while the Environmental Scoping Document for the Public Environmental Review has been made publicly available by the EPA. The year to date variance reflects timing differences.
- b) It is anticipated that expenditure will increase in the coming months now that consultants have been engaged to commence a review of the conceptual design and feasibility study.
- c) Work on the upgrade of the water playground surface is due to commence in October.
- d) Further expenditure on this project is subject to consideration by Council of the outcome of the Expression of Interest process.

14. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,608,183	\$1,038,458	\$569,725
b) Foreshore and Natural Areas Management Program	\$16,500	\$60,521	(\$44,021)
c) Stormwater Drainage Program	\$269,750	\$113,731	\$156,019
d) Parking Facilities Program	\$100,000	\$49,397	\$50,603
e) Traffic Management Program	\$395,580	\$656,479	(\$260,899)
f) Major Projects Program	\$3,544,500	\$989,114	\$2,555,386
g) Major Building Capital Works Program	\$311,833	\$130,649	\$181,184
Other Works variances - not material	\$1,153,565	\$1,135,159	\$18,406
	<u>\$7,399,911</u>	<u>\$4,173,508</u>	<u>\$3,226,403</u>

- a) The Road Preservation Program's favourable timing variance of \$569,725 includes West Coast Drive \$174,651 which is in the design stage and will now be tied into a local traffic management project due for construction in March 2015, as well as Angove Drive \$136,436, Readshaw Road \$138,743, Hillwood Avenue \$63,042 and Gilbert Road \$60,965 which are complete but awaiting final invoices.
- b) Foreshore and Natural Areas shows an unfavourable variance due mainly to Craigie Open Space Conservation Fencing (\$53,487) which is progressing ahead of scheduling due to contractor availability. This is offset by favourable variances for the Bushland Reserve Fencing Program \$7,515 and the Wetlands Renewal Program \$2,075 which are progressing.
- c) This favourable timing variance is due to a number of projects within the Stormwater Drainage program progressing behind budget phasing due to contractor availability, including Sandalwood Drive – St 2 Upgrade \$76,000, Sherington Road – Upgrade Low Point \$60,000 and Ackworth Crescent Low Point Drainage Upgrade \$50,000, partly offset by an unfavourable variance on the Otago Park Sump Beautification (\$51,599) which is funded by monies carried forward from 2013-14. The remainder of the variance is spread across a number of projects.
- d) The Parking Facilities program's favourable variance is due to Whitfords Nodes South Parking Embayment's \$51,570 which is 90% complete with commitments of \$25,947 pending.
- e) This unfavourable variance is mainly due to Ocean Reef Road / Swanson Way (\$122,511) and Whitfords Avenue / Southern Nodes Car park (\$222,967) projects which are funded by money brought forward from 2013-14. In addition the Local Traffic Management project at Hobson's Gate has exceeded budget due to the site remaining open during construction and so requiring additional traffic management. This is offset by favourable timing variances for Local Traffic Management projects at Barrisdale Drive \$43,590 which is complete and awaiting final invoices and Angove Drive \$74,050 which commenced in September in line with the Road Preservation project.



- f) This is mainly due to a favourable timing variance of \$2,269,748 for the Multi Storey Car Park construction on Boas Avenue for which the contract has been awarded. The site has been fenced and construction work has commenced.
- g) This favourable variance is due to a number of projects across the Building Capital Works Program which have commenced with commitments raised totalling \$497,324.

15. Motor Vehicle Replacements

Unfavourable variances arose of (\$45,686) for a mini excavator which the City purchased earlier than budgeted as well as (\$15,926) for Public Outdoor Ping Pong Tables coded to Fleet in error and which will be transferred to Capital Projects in October 2014.

16. Tamala Park Regional Council (TPRC) Development Costs

The land development costs as advised by TPRC are not in the 2014-15 budget. These are offset against the land disposal proceeds (refer note 17); however timing differences between the proceeds and the costs results in a mismatch between the two values at the end of the period.

17. Proceeds from Disposal

This variance includes land disposal proceeds as advised by TPRC \$140,649 which are not in the 2014-15 budget and lower than estimated Fleet and Plant asset disposal proceeds of (\$16,916).



18. Closing Funds

	June 2014	September 2014
Current Assets		
Cash Assets	\$72,069,086	\$129,382,692
Rates and Sundry Debtors	\$2,318,645	\$37,974,485
GST Receivable	\$1,057,569	\$652,564
Accrued Income	\$1,584,009	\$1,463,409
Advances and Prepayments	\$65,644	\$490,287
	\$77,094,953	\$169,963,437
Less: Current Liabilities		
Creditors	(\$3,504,939)	(\$440,272)
Sundry Payables	(\$473,280)	(\$13,129,642)
Provisions - Annual Leave	(\$3,993,937)	(\$4,194,330)
Provisions - Other	(\$7,759,035)	(\$8,439,321)
Accrued Expenses	(\$4,458,775)	(\$3,528,385)
Income in Advance	(\$1,709,829)	(\$57,750)
Borrowings	(\$1,399,466)	(\$1,057,258)
GST Payable	(\$257,662)	(\$144,047)
	(\$23,556,923)	(\$30,991,005)
Net Current Assets	\$53,538,030	\$138,972,432
Add: Borrowings	\$1,399,466	\$1,057,258
Less: Reserve Accounts	(\$53,872,049)	(\$53,872,049)
Closing Funds – Surplus/(Deficit)	\$1,065,447	\$86,157,641