



City of Joondalup

Financial Activity Statement for the
Period Ended 31 July 2014

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(86,062,005)	(85,852,005)	(85,859,615)	7,610	0%
Specified Area Rates		(404,333)	(404,333)	(404,332)	(1)	(0)%
Grants and Subsidies	1	(4,095,510)	(35,184)	(48,213)	13,029	37%
Contributions Reimbursements and Donations	2	(1,477,802)	(119,011)	(204,795)	85,784	72%
Profit on Asset Disposals	3	(431,228)	(3,957)	-	(3,957)	(100)%
Fees and Charges	4	(39,103,040)	(21,942,776)	(22,056,307)	113,531	1%
Interest Earnings	5	(4,027,651)	(210,895)	(230,768)	19,873	9%
Other Revenue/Income	6	(123,000)	(23,750)	(426)	(23,324)	(98)%
Total Operating Revenue		(135,724,569)	(108,591,911)	(108,804,456)	212,545	0%
OPERATING EXPENSES						
Employee Costs	7	58,065,566	5,818,874	6,061,691	(242,817)	(4)%
Materials and Contracts	8	50,669,374	4,025,448	3,310,543	714,905	18%
Utilities (gas, electricity, water etc.)	9	6,165,121	524,518	476,660	47,858	9%
Depreciation & Amortisation of Non-Current Assets		19,331,487	1,622,164	1,660,315	(38,151)	(2)%
Loss on Asset Disposals	10	1,275,392	15,866	20,773	(4,907)	(31)%
Interest Expenses		616,230	37,118	36,343	775	2%
Insurance Expenses	11	1,639,249	955,031	907,124	47,907	5%
Total Operating Expenses		137,762,420	12,999,019	12,473,449	525,570	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		2,037,851	(95,592,892)	(96,331,007)	738,115	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(19,331,487)	(1,622,164)	(1,660,315)	38,151	2%
Loss on Asset Disposal		(1,275,392)	(15,866)	(20,773)	4,907	31%
Profit on Asset Disposals		431,228	3,957	-	3,957	100%
Other Non-Current items		-	-	-	-	-
Movement in Non-current Receivables		-	-	-	-	-
Movement in Non-current Provisions	12	(120,000)	(120,000)	(59,166)	(60,834)	(51)%
OPERATING CASH (SURPLUS)/DEFICIT		(18,257,800)	(97,346,965)	(98,071,261)	724,296	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	13	(9,277,327)	(2,622,154)	(2,278,700)	(343,454)	(13)%
Capital Contributions	14	-	-	(5,000)	5,000	100%
Equity Distribution - TPRC		(2,500,000)	-	-	-	-
Acquired Infrastructure Assets		(500,000)	-	-	-	-
Total Non-Operating Revenue		(12,277,327)	(2,622,154)	(2,283,700)	(338,454)	(13)%
CAPITAL EXPENDITURE						
Capital Projects	15	5,338,865	310,458	51,729	258,729	83%
Capital Works	16	44,446,548	1,564,607	497,088	1,067,519	68%
Motor Vehicle Replacements	17	2,295,686	-	40,232	(40,232)	(100)%
Loan Repayment Principal		1,804,454	26,672	26,672	-	0%
Equity Investments		42,135	-	-	-	0%
Total Capital Expenditure		53,927,688	1,901,736	615,721	1,286,016	68%
TPRC Development Costs		-	-	-	-	(100)%
CAPITAL (SURPLUS)/DEFICIT		41,650,361	(720,418)	(1,667,979)	947,562	(132)%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		23,392,561	(98,067,383)	(99,739,240)	1,671,857	2%
FUNDING						
Proceeds from Disposal	18	(3,890,150)	(45,117)	(54,545)	9,428	21%
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)	(146,474)	-	0%
CLOSING FUNDS	19	(37,105)	(98,258,973)	(99,940,259)	1,681,286	100%



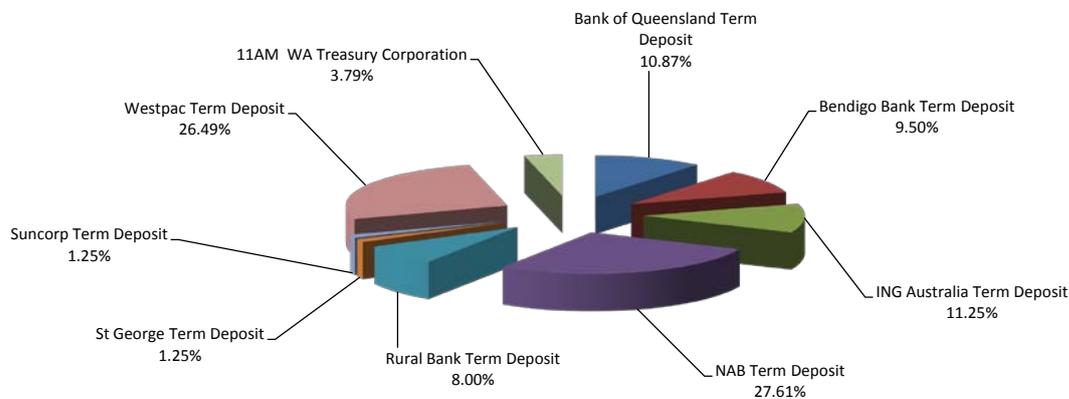
Investment Summary

CITY OF JOONDALUP
July-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	3.80%	3.80%	8,700,000	10.87%	10%
A-	A-2	Bendigo Bank Term Deposit	3.73%	3.73%	7,600,000	9.50%	10%
A	A-1	ING Australia Term Deposit	3.79%	3.79%	9,000,000	11.25%	15%
AA-	A-1+	NAB Term Deposit	3.69%	3.69%	22,100,000	27.61%	25%
A-	A-2	Rural Bank Term Deposit	3.82%	3.82%	6,400,000	8.00%	10%
AA-	A-1+	St George Term Deposit	3.75%	3.75%	1,000,000	1.25%	25%
A+	A-1	Suncorp Term Deposit	3.60%	3.60%	1,000,000	1.25%	15%
AA-	A-1+	Westpac Term Deposit	3.67%	3.67%	21,200,000	26.49%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.45%	2.45%	3,033,000	3.79%	25%

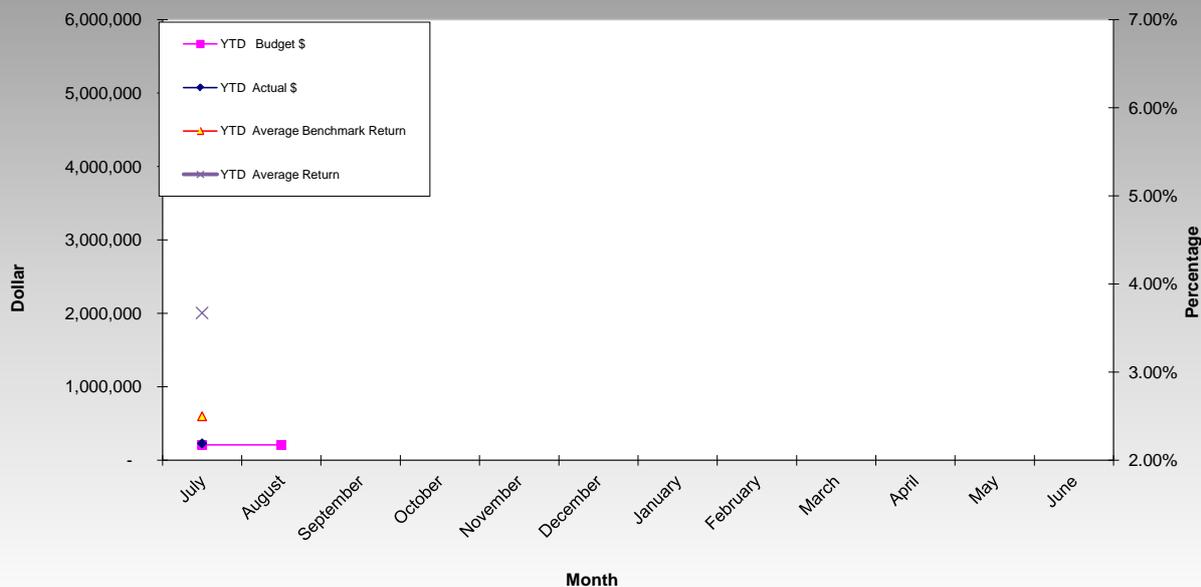
Total Investment Portfolio	3.67%	3.67%	80,033,000	100.00%
Municipal Funds			28,671,186	
Reserve Funds (Subject to finalisation of June 2014 reserve balance)			51,361,814	
			80,033,000	

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%

Return on Investments





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

1. Grants and Subsidies

- a) This variance includes earlier than budgeted receipt of Financial Counselling and Emergency Relief Grants \$34,280 offset by an unfavourable timing variance of (\$20,584) for grant funding of the Wanneroo / Joondalup State Emergency Services Unit.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$76,100	\$148,188	\$72,088
b) Other Reimbursements	\$42,911	\$56,607	\$13,696
	<u>\$119,011</u>	<u>\$204,795</u>	<u>\$85,784</u>

- a) This favourable variance arose due to the volume of recyclable sales exceeding budget estimates.
- b) This favourable variance includes \$5,660 for vehicle license and insurance reimbursements from Wanneroo SES which were received earlier than budgeted. The balance of the variance is spread across a number of areas.

3. Profit on Asset Disposals

This variance is due to the estimated profit on the disposal of Fleet and Plant assets being incorrectly phased in the budget.

4. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Inspection and Control Fees	\$600,452	\$663,107	\$62,655
b) Building and Development Fees	\$171,500	\$232,337	\$60,837
c) Sports and Recreation Fees	\$744,979	\$654,631	(\$90,348)
d) Hire and Rentals	\$48,937	\$103,515	\$54,578
Refuse Charges	\$19,931,317	\$19,972,014	\$40,697
Other variances	\$445,591	\$430,703	(\$14,888)
	<u>\$21,942,776</u>	<u>\$22,056,307</u>	<u>\$113,531</u>

- a) Swimming Pool Inspection Fees are \$61,302 higher than budget.



- b) Favourable variances arose for Development Application Fees \$19,061, Building Licenses \$20,047, Other Building and Development Charges \$16,439 and Land Purchase Enquiries \$6,249.
- c) Leisure Centre net revenue is (\$110,795) below budget, including unfavourable variances for Membership Fees (\$48,280), Learn to Swim program (\$43,799) and Admission Fees (\$14,996). This is partially offset by revenue for the Hire of City Facilities and Parks which is \$21,934 higher than budget.
- d) This favourable variance includes \$58,974 Property Rental income that was raised earlier than budgeted.

5. Interest Earnings

Interest earned on investments exceeded budget by \$21,873 mainly due to the volume of funds invested being higher than budgeted.

6. Other Revenue

This unfavourable variance includes (\$23,750) for our share of Adshel Advertising Revenue which has been budgeted to be received earlier than expected.

7. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries and Wages	\$4,890,151	\$5,063,911	(\$173,760)
b) Other Employment Costs	\$928,723	\$997,780	(\$69,057)
	<u>\$5,818,874</u>	<u>\$6,061,691</u>	<u>(\$242,817)</u>

- a) The Provision for Employee Entitlements is (\$393,636) 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 \$219,876 mainly for vacancies across various areas.
- b) This unfavourable variance includes (\$52,854) for Agency Employees predominantly used to cover staff vacancies. The balance of the variance is due to timing differences across a number of areas.

8. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) External Service Expenses	\$1,757,835	\$1,102,737	\$655,098
b) Books and Publications	\$73,354	\$33,932	\$39,422
c) Materials	\$172,233	\$67,289	\$104,944
d) Waste Management Services	\$798,747	\$922,775	(\$124,028)
e) Furniture, Equipment and Artworks	\$107,834	\$73,289	\$34,545
Other Materials and Contracts	\$1,115,445	\$1,110,521	\$4,924
	<u>\$4,025,448</u>	<u>\$3,310,543</u>	<u>\$714,905</u>



- a) A favourable timing variance of \$540,992 arose for External Contractors and Services. This includes Parks \$299,051, Building Maintenance \$63,702, Engineering Maintenance \$62,666, Landscaping and Conservation \$51,619 and Graffiti Removal \$8,878. This variance also includes Domestic and Bulk Tipping Fees which are \$110,211 below budget due to lower tonnages than estimated in the budget.
- b) Subscriptions are \$32,903 below budget including \$21,373 for the EBSCO Australia Subscription for the Libraries that will be processed in August. In addition, favourable variances arose for Library Book (new and replacement) purchases \$2,945 and Newspapers and Periodicals for the Libraries \$2,753.
- c) This variance is primarily a favourable timing variance for Materials used by External Contractors \$92,415 and for Materials used by City staff on building maintenance \$10,717.
- d) The estimated cost of processing recyclable materials is (\$59,441) higher than budget. This is partly due to the additional cost of diverting some of the recyclable waste to Bayswater for processing. In addition, unfavourable variances arose for the collection cost of Domestic (\$35,069), Recycling (\$17,225) and Bulk (\$14,616) waste.
- e) Plant and Equipment Maintenance is \$20,713 below budget predominantly due to timing variances for the maintenance of Parking Ticket Machines and Leisure Centre Equipment. In addition Hire of Equipment is \$10,003 below budget.

9. Utilities

This includes a favourable variance of \$51,600 on electricity costs. This comprises \$27,603 representing electricity consumption at the WOC for which invoices are yet to be processed in addition to estimated Street Lighting costs for July (which are based on June consumption) being lower than budgeted pending receipt of invoices. This is offset by a net unfavourable variance of (\$3,742) on gas and water costs.

10. Loss on Asset Disposals

This variance is due to the actual loss on the disposal of fleet and plant assets exceeding budget estimates by (\$4,907).

11. Insurance Expenses

Favourable claim experience and better than expected insurance premium resulted in \$106,597 saving on Vehicle Insurance cost. This is offset by Public Liability Insurance and Other General Insurances which are (\$23,418) and (\$29,633) higher than budget estimates.

12. 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.



13. Capital Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$666,154	\$398,700	(\$267,454)
b) Black Spot	\$76,000	-	(\$76,000)
Major Road Construction	\$1,880,000	\$1,880,000	-
	<u>\$2,622,154</u>	<u>\$2,278,700</u>	<u>(\$343,454)</u>

- a) The 1st 40% claim for the Metropolitan Regional Road Grant (\$666,154) was budgeted to be received in July but was actually received in August. This is offset by Direct Grants totalling \$380,000 claimed in advance of budget phasing.
- b) This unfavourable variance arose for Marmion Avenue and Warwick Road (\$36,000) and Hepburn Avenue and Gibson Avenue (\$40,000) Black Spot projects which are awaiting the Minister's final approval of the funding.

14. Capital Contributions

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

15. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$134,500	\$15,758	\$118,742
b) Joondalup Performing Arts & Cultural Facility (JPACF)	\$75,458	\$4,497	\$70,961
c) Infrastructure Asset Management System	\$30,000	-	\$30,000
d) Community Education Display Trailer	\$19,000	-	\$19,000
Other Projects	\$51,500	\$31,474	\$20,026
	<u>\$310,458</u>	<u>\$51,729</u>	<u>\$258,729</u>

- a) Approval was given for environmental consultants to commence the studies and investigations contributing to the Public Environmental Review and Local Structure Plan. The variance reflects timing differences
- b) It is anticipated that expenditure will increase in the coming months following the recent Council decision to commence negotiations with the winner of the JPACF architectural design competition and other proposed activities.
- c) This project is progressing behind budget phasing.
- d) Further action to address the trailer design specification is planned for August.



16. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$425,157	\$116,931	\$308,226
b) Paths Program	\$24,500	(\$36,479)	\$60,979
c) Stormwater Drainage Program	\$67,250	\$386	\$66,864
d) Parks Equipment Program	\$80,700	\$16,944	\$63,756
e) Major Building Capital Works Program	\$13,000	\$104,914	(\$91,914)
f) Traffic Management Program	\$145,000	\$104,227	\$40,773
g) Streetscape Enhancement Program	\$98,000	\$35,695	\$62,305
h) Major Projects Program	\$601,000	\$127,451	\$473,549
Other Works variances - not material	\$110,000	\$27,019	\$82,981
	<u>\$1,564,607</u>	<u>\$497,088</u>	<u>\$1,067,519</u>

- a) The Road Preservation Program's favourable timing variance of \$308,226 includes West Coast Drive \$58,217 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 Angrove Drive \$50,000, Griffell Way \$67,550, Readshaw Road \$39,570 and Gilbert Road \$33,000 which are all programmed to commence in the 1st quarter of 2014-15.
- b) The favourable variance is across a number of projects which are due to commence shortly, with commitments of \$83,789 issued in July.
- c) This favourable timing variance is due to a number of projects within the Stormwater Drainage program progressing behind budget phasing.
- d) The Parks Equipment Program is progressing with variances across the program including the Cricket Infrastructure Renewal Program \$36,000 and Moolanda Park new BBQ and shelter \$30,000 which is due to commence shortly.
- e) This unfavourable variance is mainly due to the Joondalup Library and Reception Centre Chillers replacement project (\$104,914) which is funded by money brought forward from 2013-14.
- f) The Traffic Management Program is behind budget phasing on a number of projects totalling \$145,260. This is offset by an unfavourable variance for the State Black Spot project at Ocean Reef Road / Swanson Way (\$104,487) which is funded by money brought forward from 2013-14.
- g) This favourable variance is mainly due to Shenton Avenue landscaping \$38,866 and the Streetscape Renewal Program \$31,502 which are both progressing.
- h) This is mainly due to a favourable timing variance of \$467,145 for the Multi Storey Car Park construction on Boas Avenue for which the contract has now been awarded. .



17. Motor Vehicle Replacements

This unfavourable timing variance arose due to the City purchasing a mini excavator earlier than budgeted.

18. Proceeds from Disposal

Fleet and plant asset disposal proceeds to date are \$9,428 higher than estimated.

19. Closing Funds (subject to June 2014 Audit)

	June 2014	July 2014
Current Assets		
Cash Assets	\$72,069,086	\$80,429,875
Rates and Sundry Debtors	\$1,896,372	\$109,734,099
GST Receivable	\$1,057,569	\$389,149
Accrued Income	\$1,584,009	\$1,257,766
Advances and Prepayments	\$65,644	\$477,541
	\$76,672,680	\$192,288,430
Less: Current Liabilities		
Creditors	(\$3,504,939)	(\$895,580)
Sundry Payables	(\$477,223)	(\$18,052,675)
Provisions - Annual Leave	(\$3,993,937)	(\$4,130,495)
Provisions - Other	(\$7,761,535)	(\$8,884,215)
Accrued Expenses	(\$4,458,776)	(\$5,677,047)
Income in Advance	(\$1,709,829)	(\$57,750)
Borrowings	(\$1,399,466)	(\$1,372,795)
GST Payable	(\$257,662)	(\$288,104)
	(\$23,563,367)	(\$39,358,661)
Net Current Assets	\$53,109,313	\$152,929,769
Add: Borrowings	\$1,399,466	\$1,372,795
Less: Reserve Accounts	(\$54,362,305)	(\$54,362,305)
Closing Funds – Surplus/(Deficit)	\$146,474	\$99,940,259