



City of Joondalup

Financial Activity Statement for the
Period Ended 31 March 2015

Contents

Appendix

Financial Activity Statement	1
Investment Summary	2
Notes to and Forming Part of the Financial Activity Statement	3

	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(86,422,561)	(86,377,561)	(86,618,746)	241,185	0%
Specified Area Rates		(416,610)	(416,610)	(418,182)	1,572	0%
Grants and Subsidies		(4,111,633)	(2,940,697)	(2,915,997)	(24,700)	(1)%
Contributions Reimbursements and Donations		(1,214,794)	(977,943)	(1,003,842)	25,899	3%
Profit on Asset Disposals	2	(1,683,375)	(1,296,009)	(2,944,873)	1,648,864	127%
Fees and Charges	3	(38,342,565)	(34,116,919)	(34,457,165)	340,246	1%
Interest Earnings	4	(4,493,312)	(3,718,385)	(3,817,477)	99,092	3%
Other Revenue/Income	5	(317,921)	(287,921)	(311,925)	24,004	8%
Total Operating Revenue		(137,002,771)	(130,132,045)	(132,488,207)	2,356,162	2%
OPERATING EXPENSES						
Employee Costs	6	58,318,483	44,219,537	43,204,077	1,015,460	2%
Materials and Contracts	7	50,148,780	35,161,783	31,699,530	3,462,253	10%
Utilities (gas, electricity, water etc.)	8	6,073,043	4,497,258	4,277,539	219,719	5%
Depreciation & Amortisation of Non-Current Assets	9	27,398,575	20,597,537	20,297,319	300,218	1%
Loss on Asset Disposals		1,367,973	141,562	155,303	(13,741)	(10)%
Interest Expenses		486,686	309,353	308,647	706	0%
Insurance Expenses		1,595,587	1,592,320	1,599,569	(7,249)	(0)%
Total Operating Expenses		145,389,127	106,519,350	101,541,984	4,977,366	5%
(SURPLUS)/DEFICIT FROM OPERATIONS		8,386,356	(23,612,695)	(30,946,223)	7,333,528	31%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(27,398,575)	(20,597,537)	(20,297,319)	(300,218)	(1)%
Loss on Asset Disposal		(1,367,973)	(141,562)	(155,303)	13,741	10%
Profit on Asset Disposals		1,683,375	1,296,009	2,944,873	(1,648,864)	(127)%
Other Non-Current items						
Movement in Non-current Assets		-	-	19,527	(19,527)	100%
Movement in Non-current Provisions	10	(120,000)	(120,000)	64,109	(184,109)	(153)%
OPERATING CASH (SURPLUS)/DEFICIT		(18,816,817)	(43,175,785)	(48,370,337)	5,194,552	12%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(8,467,949)	(6,602,179)	(6,311,935)	(290,244)	(4)%
Capital Contributions		(341,076)	(316,076)	(316,076)	0	0%
Equity Distribution - TPRC		(5,166,667)	(2,333,333)	(2,333,333)	-	0%
Acquired Infrastructure Assets		(500,000)	-	-	-	-
Total Non-Operating Revenue		(14,475,692)	(9,251,588)	(8,961,344)	(290,244)	(3)%
CAPITAL EXPENDITURE						
Capital Projects	12	4,566,541	2,909,335	1,981,620	927,715	32%
Capital Works	13	39,552,145	23,004,263	18,404,769	4,599,494	20%
Vehicle and Plant Replacements		2,312,496	482,496	506,473	(23,977)	(5)%
Loan Repayment Principal		1,573,339	1,041,866	1,041,866	-	0%
Equity Investments		42,135	-	-	-	0%
Total Capital Expenditure		48,046,656	27,437,960	21,934,728	5,503,232	20%
CAPITAL (SURPLUS)/DEFICIT		33,570,964	18,186,372	12,973,384	5,212,988	29%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		14,754,147	(24,989,413)	(35,396,953)	10,407,540	42%
FUNDING						
Proceeds from Disposal	14	(3,892,150)	(384,511)	(325,399)	(59,112)	(15)%
Loans - New Borrowings		(8,500,000)	-	-	-	-
Transfer from Trust		(283,808)	-	-	-	-
Transfer from Reserve		(14,616,451)	-	-	-	-
Transfer to Reserve		13,103,709	-	-	-	-
Transfer to Accumulated Surplus		500,000	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds		(1,065,447)	(1,065,447)	(1,065,447)	-	0%
CLOSING FUNDS	15	-	(26,439,371)	(36,787,799)	10,348,428	100%

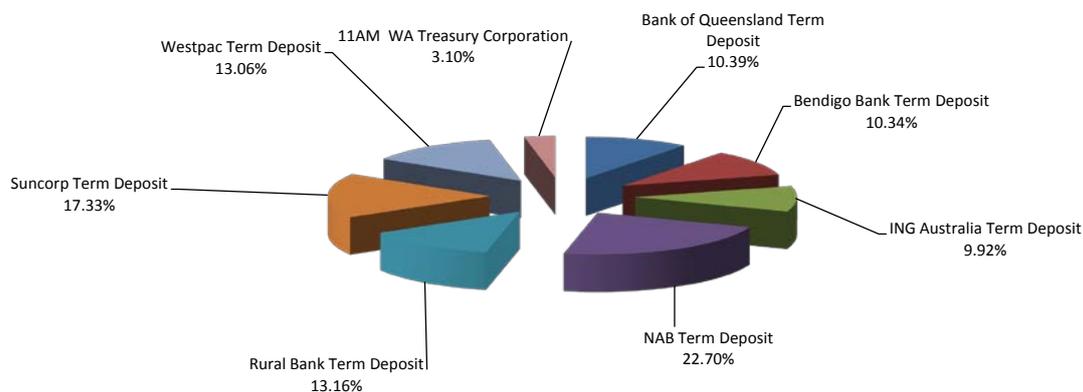


Investment Summary

CITY OF JOONDALUP
March-15

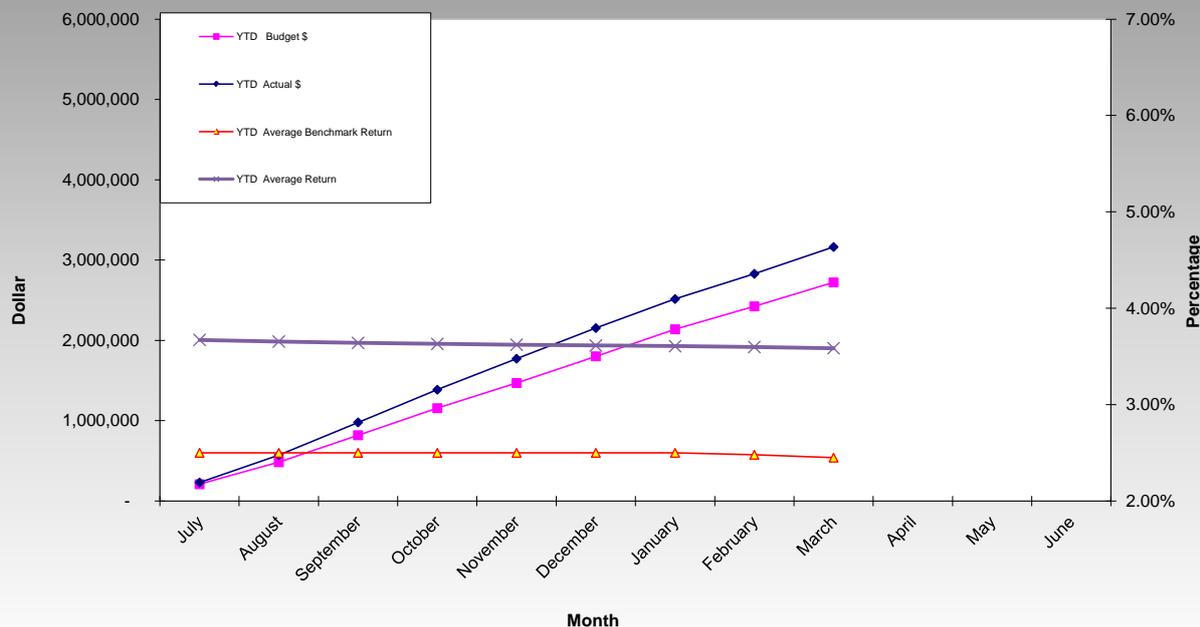
Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A-	A-2	Bank of Queensland Term Deposit	3.59%	3.65%	10,900,000	10.39%	10%
A-	A-2	Bendigo Bank Term Deposit	3.45%	3.58%	10,840,000	10.34%	10%
A-	A-2	ING Australia Term Deposit	3.58%	3.65%	10,400,000	9.92%	10%
AA-	A-1+	NAB Term Deposit	3.56%	3.62%	23,800,000	22.70%	25%
A-	A-2	Rural Bank Term Deposit	3.56%	3.62%	13,800,000	13.16%	10%
A+	A-1	Suncorp Term Deposit	3.37%	3.48%	18,170,000	17.33%	15%
AA-	A-1+	Westpac Term Deposit	3.59%	3.64%	13,700,000	13.06%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.20%	2.39%	3,253,000	3.10%	25%
Total Investment Portfolio			3.48%	3.59%	104,863,000	100.00%	
Municipal Funds					61,483,272		
Reserve Funds					43,379,728		
					104,863,000		

City of Joondalup - Investment Balances



Month	Budget \$	MTD		YTD		YTD Average Benchmark Return	YTD Average Return
		Actual \$	Budget \$	Actual \$	Budget \$		
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%	
October	336,681	406,554	1,155,775	1,385,459	2.50%	3.63%	
November	314,274	386,444	1,470,049	1,771,903	2.50%	3.62%	
December	331,506	381,376	1,801,555	2,153,279	2.50%	3.61%	
January	336,559	361,590	2,138,114	2,514,869	2.50%	3.61%	
February	285,624	313,790	2,423,738	2,828,658	2.48%	3.60%	
March	297,776	334,348	2,721,514	3,163,006	2.45%	3.59%	

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT

FOR THE PERIOD ENDED ON 31 March 2015

1. Rates

The variance arises mainly from additional income from newly developed properties as well as interim valuations occurring after the revised budget was finalised.

2 Profit on Asset Disposals

This variance is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels \$1,648,142 which were not included in the budget.

3 Fees and Charges

	YTD Revised Budget	YTD Actual	Variance
a) Licenses and Registrations	\$694,621	\$746,317	\$51,696
b) Sports and Recreation Fees	\$6,163,190	\$6,226,638	\$63,448
c) Fines and Penalties	\$976,664	\$1,039,567	\$62,903
d) Building and Development Fees	\$1,631,695	\$1,602,766	(\$28,929)
e) Parking Fees	\$1,573,365	\$1,614,483	\$41,118
f) Hire and Rentals	\$511,291	\$623,055	\$111,764
g) Refuse Charges	\$20,025,218	\$20,064,452	\$39,234
Other variances	\$2,540,875	\$2,539,887	(\$ 988)
	<u>\$34,116,919</u>	<u>\$34,457,165</u>	<u>\$340,246</u>

- a) Higher than budgeted income arose for Dog Registration Fees \$22,234, Food Business Administration Fees \$19,633 and Trading in Public Space Licences \$10,135.
- b) This favourable variance is driven mainly by higher than budgeted revenue from the Learn to Swim program \$141,012, which arises from significantly higher Term 2 enrolments, and Hire of Facilities \$78,915, primarily due to pool hire for school swimming carnivals, although offset by lower than estimated income primarily from Admission Fees (\$112,710) and Court Sport Revenue (\$15,518). The remainder of the variance is spread across a number of areas.
- c) The volume of Parking Infringements issued is higher than estimated in the budget resulting in a favourable variance of \$99,716. This is partly offset by unfavourable variances for Suburban Parking (\$17,150) and Poundage Fees (\$17,319). The remainder of the variance is spread across several accounts.
- d) Unfavourable variances arose for Development Application fees (\$73,555) and Building Licences (\$18,747) due to lower activity than forecast. These are partly offset by a favourable variance of \$59,107 for Other Building and Development charges.
- e) Higher than budgeted revenue arose for Off-street Parking fees \$38,212 and Private Property Agreements \$8,823, partly offset by lower than estimated On-street Parking fees of (\$5,916).



- f) This includes a favourable variance of \$108,158 for Property Rental income mainly due to arrear lease rentals, arising after the finalisation of Community Vision leases, that had not been included in the revised budget.
- g) This variance represents additional domestic refuse removal charges arising mainly from new residential developments in the district.

4. Interest Earnings

Interest earned on investments exceeded budget by \$75,944 mainly due to the volume of investment funds being higher than budgeted. In addition higher interest of \$23,148 was collected in respect of the late payment of rates, instalment options and pensioner deferred rates.

5. Other Revenue

Favourable variances arose for Discounts Received \$12,285, Rebates Received \$7,920 and Adshel Advertising revenue \$2,998.

6. Employee Costs

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$41,585,515	\$40,679,879	\$905,636
b) Other Employment Costs	\$2,634,022	\$2,524,198	\$109,824
	<u>\$44,219,537</u>	<u>\$43,204,077</u>	<u>\$1,015,460</u>

- a) A favourable variance of \$865,970 arose mainly due to vacant positions across the City. This is in addition to the favourable movement of \$39,666 in the Provision for Employee Entitlements.
- b) This includes favourable variances for Staff Training \$80,491, Capital Labour Recoveries \$98,137 and Study Assistance \$24,611 which are partly offset by an unfavourable variance for Agency Employees (\$150,291) used mainly to cover staff vacancies.



7. Materials and Contracts

	YTD Revised Budget	YTD Actual	Variance
a) External Service Expenses	\$14,993,565	\$13,960,256	\$1,033,309
b) Professional Fees and Costs	\$1,533,296	\$1,279,350	\$253,946
c) Materials	\$1,355,789	\$1,173,706	\$182,083
d) Administration	\$835,207	\$733,686	\$101,521
e) Waste Management Services	\$7,231,726	\$6,055,525	\$1,176,201
f) Computing	\$1,262,461	\$1,047,576	\$214,885
g) Public Relations, Advertising and Promotion	\$810,049	\$663,670	\$146,379
h) Accommodation and Property	\$1,290,243	\$1,340,883	(\$50,640)
i) Telephone and Communications	\$497,290	\$451,654	\$45,636
Other Materials and Contracts	\$5,352,157	\$4,993,224	\$358,933
	<u>\$35,161,783</u>	<u>\$31,699,530</u>	<u>\$3,462,253</u>

- a) This favourable variance is driven primarily by lower expenditure of \$978,372 for External Contractors and Services, mainly comprising timing variances including Parks \$415,508, Building maintenance \$288,937, Engineering maintenance \$78,981, Strategic Asset Management \$68,096, Landscaping and Conservation \$56,892 and Graffiti Removal \$49,751. The remainder of the variance is spread across a number of areas.
- b) Favourable variances arose primarily from Consultancy expenditure \$158,391, mainly due to the timing of projects, as well as Fines Enforcement Lodgement Fees \$46,775, Innovation Precinct \$25,000 and Auction Fees \$11,813. The balance of the variance is spread across a number of areas.
- c) Favourable timing variances arose for the cost of Materials used by External Contractors of \$199,230. This is partly offset by an unfavourable timing variance for material for Building Minor Works (\$20,534). The remainder of the variance is spread across several accounts.
- d) This favourable variance includes \$44,976 for Printing and \$12,076 for Photography and Video Production mainly due to the timing of various events and the submission of invoices by service providers. In addition, a favourable variance arose for Stationery \$16,756 and Other Sundry Administrative Expenses \$20,908 offset by unfavourable timing variances for Corporate Membership Expenses (\$2,102) and Microfilming (\$2,243). The rest of the variance is spread across a number of accounts.
- e) The variance is mainly due to Recycling Processing costs at the Materials Recovery Facility which are \$748,968 below budget. The facility has now closed however final invoices are still to be received. In addition, waste collection costs are below budget for Bulk \$329,658, Domestic \$46,114, Recycling \$30,636 and Weekend Greens \$20,825.
- f) Favourable variances occurred primarily in Computer Software Licences \$94,765, Computer Software Maintenance \$79,988 and Data Communication Links \$23,004 predominantly due to invoices that are yet to be received.



- g) This comprises favourable variances arising mainly from the timing of key events, including Advertising – General \$53,461, Advertising – Statutory \$14,290, Promotions \$21,560, Catering \$19,709 and Signage \$14,896. The balance is spread across a number of areas.
- h) This is mainly an unfavourable variance for Refuse Removal charges (\$43,641) that are over budget predominantly due to higher volumes of waste collected from the City's Works Operations Centre.
- i) Office Telephones \$27,627, Postage \$16,013 and Mobile Phones \$4,021 are the main favourable timing variances comprising this. The remainder of the variance is spread across a number of areas.

8. Utilities

Electricity costs are \$205,114 below budget. This includes favourable variances of \$281,443 for Street Lighting and \$48,089 for various city buildings predominantly due to a combination of the removal of the Carbon Tax and lower consumption, partly offset by an unfavourable variance of (\$141,340) for Parks mainly arising from lighting in parks (\$97,894) and irrigation systems (\$25,526) spread over several parks. In addition, favourable variances also arose for gas \$7,135 and water \$7,470.

9 Depreciation and Amortisation of Non-Current Assets

This favourable variance includes \$337,008 for Computer and Communications Hardware of which \$330,707 has arisen from a review of depreciation calculations. This is partly offset by additional depreciation for newly acquired Computer Software and Mobile and Other Plant equipment.

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 Revised Budget	YTD Actual	Variance
a) Road Preservation and Resurfacing	\$4,151,420	\$3,926,363	(\$225,057)
b) Black Spot Program	\$148,724	\$97,426	(\$51,298)
c) Parks Equipment	\$82,413	\$26,946	(\$55,467)
d) Major Building Capital Works	\$0	\$41,578	\$41,578
Other Grants	\$2,219,622	\$2,219,622	\$0
	<u>\$6,602,179</u>	<u>\$6,311,935</u>	<u>(\$290,244)</u>

- a) This includes unfavourable timing variances for the Roads to Recovery grant (\$95,889) and the Metropolitan Regional Road Grant (\$279,225) of which \$129,673 is expected to be received in the following month. These are partly offset by a favourable timing variance in respect of the Federal Local Road Grant \$150,057, due to incorrect phasing which will be corrected in the following months.



- b) This unfavourable timing variance arose for Joondalup Drive (\$16,321) and Hepburn Avenue (5,542) intersection modifications that are awaiting final documentation from Main Roads WA contractors as well as Marmion Avenue and Warwick Road (\$4,254) and Hepburn Avenue and Gibson Avenue (\$25,181) that have been completed below budget.
- c) This unfavourable variance arose for Iluka District Open Space Spotlighting Upgrade as the project was completed under budget resulting in a lower grant claim.

12. Capital Projects

	YTD Revised Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$987,715	\$720,730	\$266,985
b) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden	\$568,587	\$72,044	\$496,543
c) Public Art	\$139,340	\$66,156	\$73,184
d) Information Technology Projects	\$739,786	\$656,713	\$83,073
Other Projects	\$473,907	\$465,977	\$7,930
	<u>\$2,909,335</u>	<u>\$1,981,620</u>	<u>\$927,715</u>

- a) Tasks associated with the preparation of the Public Environmental Review, Metropolitan Region Scheme Amendment and Local Structure Plan continued throughout the period. The first concept design review workshop was held in March. The year to date variance reflects timing differences.
- b) Consultants are continuing review of the conceptual design. Outcomes of ongoing assessments will determine further expenditure in the coming months.
- c) This favourable timing variance arose for the Public Art water feature in Central Walk as progress payments are behind budget phasing.
- d) The Infrastructure Asset Management System Implementation \$51,087 is progressing and represents a timing variance. In addition, IT Disaster Recovery Facilities project shows a favourable timing variance of \$15,408 but is progressing according to schedule. Minor variances on several other projects constitute the remainder of this variance.



13. Capital Works

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$5,447,987	\$4,378,718	\$1,069,269
b) Major Projects Program	\$9,401,623	\$7,141,912	\$2,259,711
c) Street Lighting Program	\$491,644	\$258,867	\$232,777
d) Paths Program	\$661,123	\$456,438	\$204,685
e) Major Building Capital Works Program	\$1,154,193	\$941,016	\$213,177
f) Parks Development Program	\$977,592	\$806,047	\$171,545
g) Major Road Construction Program	\$232,110	\$65,100	\$167,010
h) Parks Equipment Program	\$1,601,492	\$1,463,645	\$137,847
i) Foreshore and Natural Areas Program	\$274,983	\$154,318	\$120,665
Other Works variances - not material	\$2,761,516	\$2,738,708	\$22,808
	<u>\$23,004,263</u>	<u>\$18,404,769</u>	<u>\$4,599,494</u>

- a) This comprises favourable timing variances across a number of projects including West Coast Drive-Beach Road to the Plaza \$332,814, Eddystone Avenue – Craigie Drive to Perilya Road \$174,936, Lane Two – St Patricks Road to Lane Five \$65,627, Crack Sealing \$51,807, Methuen Way \$50,000 and Parnell Avenue \$39,000 that are all currently progressing. The remainder of the variance comprises minor timing variances across several projects.
- b) The variance in Major Projects is driven mainly by the timing of projects including the Multi Storey Car Park \$1,694,298, which is scheduled to be completed in the next financial year, as well as Ocean Reef Boat Harbour Floating Jetties \$299,254 and Marmion Angling and Aquatic Club \$214,407. The remainder of the variance is spread across a number of projects.
- c) The variance arises primarily from the timing of projects including Joondalup City Centre Lighting \$172,310, that has been referred to a consultant for review and design, and Warrigal Park to Kurrajong Park – New Lighting \$58,912. The rest of the variance is spread across a number of projects.
- d) Trailwood Drive Principal Shared Path shows a favourable timing variance of \$200,145. The project has commenced behind schedule, delayed by Main Roads contractor work having to be completed first. The remainder of this variance is spread across several projects.
- e) This comprises timing variances across several projects, including Coastal Toilets Sewer Upgrades \$102,875 and Environmental Initiatives \$88,875, partly offset by the Hazardous Materials Management project (\$90,937). The remainder of the variance is spread across a number of projects.
- f) This includes favourable timing variances spread across several projects, including Broadbeach Park/Flinders Park Upgrades \$96,294, Windermere Park Irrigation Upgrade \$30,000 and Elcar Park Irrigation Upgrade \$12,626 that are currently



progressing as well as Otago Park Landscape Upgrade \$27,554 that has been completed under budget. These are partly offset by an unfavourable timing variance on City Centre Irrigation Upgrades (\$30,073). The remainder of the variance is spread across a number of projects.

- g) Whitfords Avenue Dualling – Northshore Drive to Belrose Entrance \$179,222 is progressing with documentation and design for the construction tender expected to be completed in the following month. This is partly offset by Ocean Reef Road Dualling – Marmion Avenue to Oceanside Promenade (\$12,212).
- h) This variance is driven mainly by the Floodlight & Pole Replacement Program \$125,459, which is subject to ongoing site assessments by City staff but expected to be completed as scheduled by the end of the next quarter, and Central Park – Boardwalk Replacement \$125,874, which is behind schedule due to delays in materials supply. These are partly offset by Broadbeach Park – New Playground Equipment (\$105,766). The remainder of the variance is spread across a number of areas.
- i) This variance arises primarily from the Wetlands Renewal Program \$53,273, Coastal and Foreshore Fencing Renewal Program \$41,335 and Bushland Reserve Renewal Fencing Program \$23,725 resulting from contractor work scheduling that was not in line with estimates.

14. Proceeds from Disposal

This represents unfavourable timing variances relative to budget estimates that arise from the disposal of Fleet and Plant assets



15. Closing Funds

	June 2014	March 2015
Current Assets		
Cash Assets	\$72,069,086	\$104,942,626
Rates and Sundry Debtors	\$2,318,645	\$2,344,926
GST Receivable	\$1,057,569	\$686,456
Accrued Income	\$1,584,009	\$1,922,363
Advances and Prepayments	\$65,644	\$563,235
	\$77,094,953	\$110,459,606
Less: Current Liabilities		
Creditors	(\$3,504,939)	(\$929,616)
Sundry Payables	(\$473,280)	(\$2,327,980)
Provisions - Annual Leave	(\$3,993,937)	(\$3,964,935)
Provisions - Other	(\$7,759,035)	(\$8,808,956)
Accrued Expenses	(\$4,458,775)	(\$3,632,722)
Income in Advance	(\$1,709,829)	(\$57,750)
Borrowings	(\$1,399,466)	(\$357,600)
GST Payable	(\$257,662)	(\$77,799)
	(\$23,556,923)	(\$20,157,358)
Net Current Assets	\$53,538,030	\$90,302,248
Add: Borrowings	\$1,399,466	\$357,600
Less: Reserve Accounts	(\$53,872,049)	(\$53,872,049)
Closing Funds – Surplus/(Deficit)	\$1,065,447	\$36,787,799