

City of Joondalup

Financial Activity Statement for the
Period Ended 30 November 2014

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(86,062,005)	(85,887,005)	(86,214,239)	327,234	0%
Specified Area Rates		(404,333)	(404,333)	(416,756)	12,423	3%
Grants and Subsidies		(4,095,510)	(1,890,920)	(1,925,169)	34,249	2%
Contributions Reimbursements and Donations		(1,477,802)	(793,940)	(801,186)	7,246	1%
Profit on Asset Disposals	2	(431,228)	(19,783)	(1,156,456)	1,136,674	5746%
Fees and Charges	3	(39,103,040)	(28,847,915)	(28,543,895)	(304,020)	(1)%
Interest Earnings	4	(4,027,651)	(1,997,899)	(2,344,943)	347,044	17%
Other Revenue/Income	5	(123,000)	(72,500)	(235,436)	162,936	225%
Total Operating Revenue		(135,724,569)	(119,914,295)	(121,638,080)	1,723,785	1%
OPERATING EXPENSES						
Employee Costs	6	58,065,565	25,384,446	25,458,810	(74,364)	(0)%
Materials and Contracts	7	50,669,374	21,342,924	17,912,185	3,430,739	16%
Utilities (gas, electricity, water etc.)	8	6,165,121	2,591,230	2,293,630	297,600	11%
Depreciation & Amortisation of Non-Current Assets	9	19,331,487	8,074,201	11,519,452	(3,445,251)	(43)%
Loss on Asset Disposals		1,275,392	79,330	88,047	(8,717)	(11)%
Interest Expenses		616,230	178,324	177,134	1,190	1%
Insurance Expenses		1,639,249	1,632,494	1,595,949	36,545	2%
Total Operating Expenses		137,762,419	59,282,949	59,045,207	237,742	0%
(SURPLUS)/DEFICIT FROM OPERATIONS		2,037,850	(60,631,345)	(62,592,873)	1,961,528	3%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(19,331,487)	(8,074,201)	(11,519,452)	3,445,251	43%
Loss on Asset Disposal		(1,275,392)	(79,330)	(88,047)	8,717	11%
Profit on Asset Disposals		431,228	19,783	1,156,456	(1,136,674)	(5746)%
Other Non-Current items		-	-	7,983	(7,983)	100%
Movement in Non-current Assets		-	-	65,138	(185,138)	(154)%
Movement in Non-current Provisions	10	(120,000)	(120,000)	-	-	-
OPERATING CASH (SURPLUS)/DEFICIT		(18,257,801)	(68,885,094)	(72,970,795)	4,085,701	6%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(9,277,327)	(4,491,007)	(5,210,748)	719,741	16%
Capital Contributions	12	-	-	(246,435)	246,435	100%
Equity Distribution - TPRC		(2,500,000)	-	-	-	-
Acquired Infrastructure Assets		(500,000)	-	-	-	-
Total Non-Operating Revenue		(12,277,327)	(4,491,007)	(5,457,183)	966,176	22%
CAPITAL EXPENDITURE						
Capital Projects	13	5,338,865	2,006,484	1,141,268	865,216	43%
Capital Works	14	44,446,548	15,596,490	9,581,565	6,014,925	39%
Motor Vehicle Replacements	15	2,295,686	758,000	378,156	379,844	(100)%
Loan Repayment Principal		1,804,454	464,408	464,408	-	0%
Equity Investments		42,135	-	-	-	0%
Total Capital Expenditure		53,927,688	18,825,383	11,565,397	7,259,986	39%
TPRC Development Costs	16	-	-	(66,874)	66,874	(100)%
CAPITAL (SURPLUS)/DEFICIT		41,650,361	14,334,376	6,041,340	8,293,035	58%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		23,392,560	(54,550,718)	(66,929,455)	12,378,737	23%
FUNDING						
Proceeds from Disposal	17	(3,890,150)	(225,583)	(1,558,545)	1,332,962	591%
Recoupment of MRF Funding	18	-	-	(399,084)	399,084	-
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	19	(37,106)	(54,922,775)	(69,952,530)	15,029,755	100%



Investment Summary

CITY OF JOONDALUP
November-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	3.63%	3.67%	15,100,000	11.94%	10%
A-	A-2	Bendigo Bank Term Deposit	3.58%	3.63%	13,340,000	10.55%	10%
A-	A-2	ING Australia Term Deposit	3.58%	3.69%	10,400,000	8.22%	10%
AA-	A-1+	NAB Term Deposit	3.62%	3.64%	29,600,000	23.40%	25%
A-	A-2	Rural Bank Term Deposit	3.58%	3.68%	12,300,000	9.73%	10%
A+	A-1	Suncorp Term Deposit	3.53%	3.55%	7,400,000	5.85%	15%
AA-	A-1+	Westpac Term Deposit	3.64%	3.65%	34,400,000	27.20%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.45%	2.45%	3,938,000	3.11%	25%

Total Investment Portfolio

Municipal Funds

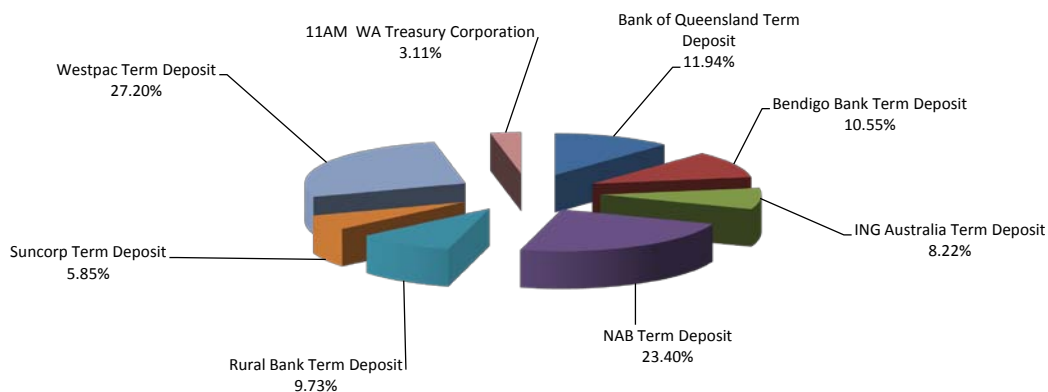
Reserve Funds

78,218,561

48,259,439

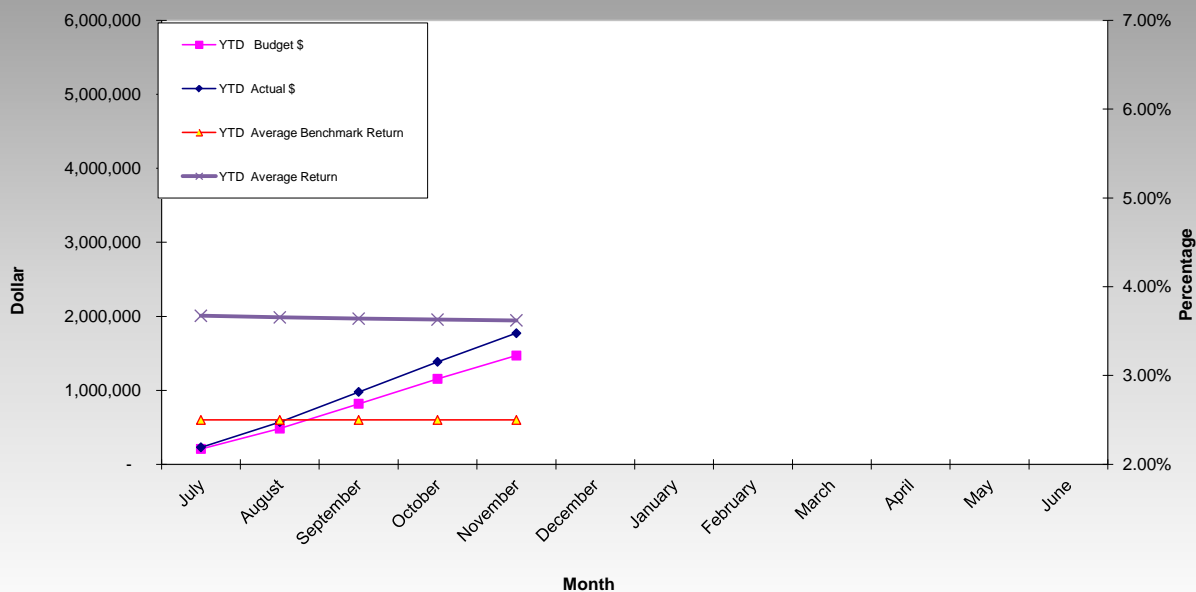
126,478,000

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%
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%

Return on Investments



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

1. Rates

Interim Rate revenue issued to date is \$310,817 higher than budget estimates due mainly to additional income from newly developed properties.

2. Profit on Asset Disposals

This variance is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels \$1,156,456 which were not included in the budget. This is partially offset by a timing difference (\$19,783) on the disposal of Fleet and Plant assets.

3 Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Inspection and Control Fees	\$724,452	\$796,380	\$71,928
b) Sports and Recreation Fees	\$3,610,058	\$3,198,391	(\$411,667)
c) Fines and Penalties	\$656,700	\$516,096	(\$140,604)
d) Building and Development Fees	\$857,500	\$1,007,025	\$149,525
e) Parking Fees	\$950,630	\$897,444	(\$53,186)
Refuse Charges	\$19,938,183	\$20,032,093	\$93,910
Other variances	\$2,110,392	\$2,096,466	(\$13,926)
	<u>\$28,847,915</u>	<u>\$28,543,895</u>	<u>(\$304,020)</u>

- a) Higher than budgeted income arose for Swimming Pool Inspection Fees \$59,926 and Other Inspection Fees \$12,001.
- b) Leisure Centre net revenue is (\$432,558) below budget mainly due to unfavourable variances for Membership Fees (\$179,625), Admission Fees (\$81,277), Other Sport and Recreation Fees (\$42,089) and Personal Training (\$24,359) in addition to an unfavourable timing variance for the Learn to Swim program (\$101,889). Membership and Admission Fees income will be adjusted at the Mid Year Review to reflect changes with membership and casual attendance sales. This variance is partly offset by revenue for the Hire of City Facilities and Parks which is \$20,532 higher than budget.
- c) The volume of Infringements issued for Parking was lower than estimated in the budget resulting in an unfavourable variance of (\$104,752). In addition Building, Planning and Environmental Health non compliance fines are (\$30,226) lower than budget estimates.
- d) Favourable variances arose for Building and Development charges \$87,452, Building Licenses \$39,199 and Land Purchase Enquiries \$13,801 due to greater activity than forecast.

- e) This unfavourable variance includes (\$75,955) due to a reduction in the use of On-street Parking in the City Centre partly offset by favourable variances for Off-street Parking \$11,098 and Private Property Agreements \$11,670.

4. Interest Earnings

Interest earned on investments exceeded budget by \$347,044 mainly due to the volume of funds under investment being higher than budgeted.

5. Other Revenue

The City received an unbudgeted insurance rebate of \$162,015 from the Local Government Insurance Scheme (LGIS). In addition favourable variances arose for Adshel Advertising Revenue \$17,704 and Discounts Received \$5,100 offset by an unfavourable variance of (\$21,883) for Other Rebates.

6. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Other Employment Costs	\$2,139,619	\$2,222,962	(\$83,343)
Salaries and Wages	\$23,244,827	\$23,235,848	\$8,979
	<u>\$25,384,446</u>	<u>\$25,458,810</u>	<u>(\$74,364)</u>

- a) This includes favourable variances for Staff Training \$130,463, Capital Labour Recoveries \$101,113, Study Assistance \$19,849, Conferences and Seminars \$15,099 and Staff Recruitment Costs \$12,793. These are offset by an unfavourable variance for Agency Employees (\$373,271) predominantly used to cover staff vacancies.

7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) External Service Expenses	\$9,158,397	\$7,240,062	\$1,918,335
b) Professional Fees and Costs	\$1,069,439	\$786,549	\$282,890
c) Materials	\$902,794	\$611,119	\$291,675
d) Administration	\$514,618	\$399,898	\$114,720
e) Waste Management Services	\$4,416,315	\$3,857,097	\$559,218
f) Computing	\$977,327	\$779,195	\$198,132
g) Public Relations, Advertising and Promotion	\$395,910	\$325,224	\$70,686
h) Contributions and Donations	\$727,513	\$595,651	\$131,862
i) Accommodation and Property	\$639,191	\$825,236	(\$186,045)
Other Materials and Contracts	\$2,541,420	\$2,492,154	\$49,266
	<u>\$21,342,924</u>	<u>\$17,912,185</u>	<u>\$3,430,739</u>

- a) This favourable variance is driven primarily by lower expenditure \$1,059,313 for External Contractors and Services, mainly comprising timing variances including Parks \$705,582, Landscaping and Conservation \$145,558, Information Technology

\$60,656, Rangers and City Watch \$40,534 and Engineering maintenance \$31,100, as well as Graffiti Removal \$47,779 arising from a combination of less graffiti removal and timing of supplier invoices. The variance also includes Domestic and Bulk Tipping Fees which are \$777,795 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 to offset this variance. In addition, a favourable timing variance arose for Program Activities \$54,451 which includes \$44,029 for Environmental and Community Development Program Activities. The remainder of the variance is distributed across several areas.

- b) Consultancy expenditure is \$294,208 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 \$42,435 and Licence Fees \$9,353. These are offset by unfavourable variances of (\$24,480) for Landgate Valuation Fees due to the Triennial Revaluation fees being higher than estimated in the budget, Legal Expenses (\$23,829) and Recoverable Legal Expenses (\$20,072). The balance of the variance is spread over several accounts.
- c) This favourable timing variance is primarily in respect of Materials used by External Contractors \$201,034, Materials used by the City on building maintenance \$41,919, material for Building Minor Works \$24,678 and stock for the Leisure Centre shop \$19,802 due to lower sales turnover.
- d) This favourable variance includes printing \$52,036 mainly arising from the timing of printing costs pertaining to the various festivals and events upcoming in 2015, Stationery \$24,989 and Other Sundry Admin Expenses \$21,564 due to lower consumption to date and Photography and Video Production \$15,484 also due to the timing of expenditure. Phasing will be reviewed and adjusted, where necessary, during the mid-year budget review.
- e) The variance is mainly due to Recycling Processing costs at the Materials Recovery Facility which are \$471,746 below budget. The facility has now closed however final invoices are still to be received. In addition, Bulk Collection costs are \$136,408 below budget offset by a combined unfavourable variance of (\$48,935) for other waste collection expenses.
- f) Favourable variances arose for Computer Software Licences \$130,122, Computer Software Maintenance \$39,837 and Data Communication Links \$27,270. These are predominantly timing variances however minor savings will be adjusted at the budget review.
- g) This includes favourable timing variances for Advertising – General \$40,603 mainly due to the phasing of events and Promotions \$20,518. The balance of the variance is spread across several accounts.
- h) The variance is primarily due to timing of expenditure on Sponsorships \$105,425, including \$45,000 for the sports development funding program and \$25,000 for Constable Care, Prizes and Trophies \$15,737 and Community Funding Program \$11,377.
- i) Refuse Removal charges are (\$87,156) over budget predominantly due to higher volumes of waste collected from the Works Operation Centre. The balance of the

variance includes unfavourable timing variances for Water Rates (\$75,873) and FESA ESL (\$88,210) as a result of budget phasing, offset by a favourable timing variance of \$67,046 for Council Rates on City Properties. Phasing will be reviewed and adjusted during the mid-year budget review.

8. Utilities

This favourable variance includes electricity costs \$284,179, of which \$194,548 relates to Street Lighting and the balance is 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 \$11,510 and gas \$1,911.

9. Depreciation and Amortisation of Non-Current Assets

Infrastructure Assets depreciation is (\$3,280,872) 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 (\$164,379). 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	\$2,484,340	\$2,890,151	\$405,811
b) Major Road Construction	\$1,880,000	\$2,173,333	\$293,333
c) Blackspot program	\$126,667	\$78,422	(\$48,245)
d) Other Grants	-	\$68,842	\$68,842
	<u>\$4,491,007</u>	<u>\$5,210,748</u>	<u>\$719,741</u>

- a) This favourable variance includes \$467,283 arising from higher than estimated quarterly grant for Roads to Recovery due to 90% of the program being completed. This is offset by Federal Local Road Grants received which are (\$74,460) lower 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) Unfavourable variances arose for Marmion Ave and Warwick Road (\$24,000) and Hepburn Avenue and Gibson Avenue (\$26,667) which are now complete below budget. This is partly offset by the final grant claim of \$2,422 for Candlewood Boulevard median treatment which was budgeted to be received in the previous financial year.

- d) The City received \$28,750 from the Department of Education for additional parking at Woodvale Senior High School, a \$17,539 Lottery West grant for the construction of a dual use path at Hepburn Heights Reserve and \$18,462 from the Department of Sport and Education for floodlighting upgrades at Prince Regent Park which were all budgeted to be received in 2013-14.

12. Capital Contributions

This favourable variance includes \$78,021 for a vehicle that was transferred to the City for use by Wanneroo – Joondalup SES which is offset by corresponding capital expenditure (refer note 15). The City also received a contribution of \$89,564 from Landcorp to upgrade traffic treatments at Albion Street / Marmion Avenue intersection as part of the terms of the Craigie High School subdivision. This work is programmed for 2016-17 and the money will be held in reserve until then. In addition, the City received a contribution of \$73,850 for floodlighting at Prince Regent Park which was budgeted to be received in the previous financial year.

13. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$623,000	\$240,553	\$382,447
b) Joondalup Performing Arts & Cultural Facility (JPACF)	\$377,288	\$24,958	\$352,330
c) Expansion Joints CLC Aquatic Tiles	\$60,000	\$17,000	\$43,000
d) Cafes, Kiosks and Restaurants	\$82,000	\$30,741	\$51,259
Other Projects	\$864,196	\$828,016	\$36,180
	<u>\$2,006,484</u>	<u>\$1,141,268</u>	<u>\$865,216</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 year to date variance reflects timing differences.
- b) It is anticipated that expenditure will increase in the coming months now that consultants and project architects are progressing with a review of the conceptual design and feasibility study.
- c) This project is complete, final contractor invoices will be processed in December.
- d) Future expenditure on this project is dependent on the progression of the Burns Beach and Pinaroo Point Expression of Interest processes.

14. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$3,234,657	\$2,372,191	\$862,466
b) Parks Equipment Program	\$770,814	\$632,146	\$138,668
c) Stormwater Drainage Program	\$401,250	\$273,420	\$127,830
d) Streetscape Enhancement Program	\$525,800	\$354,510	\$171,290
e) Foreshore and Natural Areas Management Program	\$66,500	\$141,102	(\$74,602)
f) Major Projects Program	\$7,650,500	\$3,129,571	\$4,520,929
g) Major Building Capital Works Program	\$603,833	\$492,144	\$111,689
h) Street Lighting Program	\$365,000	\$164,288	\$200,712
Other Works variances - not material	\$1,978,136	\$2,022,193	(\$44,057)
	<u>\$15,596,490</u>	<u>\$9,581,565</u>	<u>\$6,014,925</u>

- a) The Road Preservation Program's favourable timing variance of \$862,466 includes West Coast Drive \$291,084 which is in the design stage and will now be tied into a local traffic management project due for construction in March 2015. In addition, variances arose on resurfacing Joondalup Drive between Shenton Avenue and Hodges Drive \$475,177 which has been re-scheduled for the end of November due to the opening of Myers at Lakeside Shopping Centre on 20 November as well as Poseidon Road \$98,721 which is complete awaiting final invoices.
- b) This favourable variance includes the Floodlight and Pole Replacement Program \$44,805 which is undergoing an audit to develop the program and playground equipment installation at both Conidae Park \$106,042 and Hilton Park \$71,027 which are progressing. This is offset by unfavourable variances on Iluka District Open Space Floodlight Upgrade (\$31,722) and Sorrento Bowling Club Floodlighting Upgrade (\$26,481) which are funded by monies brought forward from 2013-14.
- 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 Sherrington Road - Upgrade Low Point \$60,000, Ackworth Crescent Low Point Drainage Upgrade \$50,000, Sandalwood Drive – St 2 Upgrade \$48,766 and Forest Park Sump Overflow \$20,000 partly offset by an unfavourable variance on the Otago Park Sump Beautification (\$51,599) which is funded by monies brought forward from 2013-14.
- d) This is due mainly to the Streetscape Renewal Program \$109,590 which has just commenced and Shenton Avenue Landscaping \$84,874 which is complete awaiting final invoices.
- e) This includes Craigie Open Space Conservation Fencing (\$66,015) and Foreshore Pathways – Provision of Drinking Fountains (\$28,428) which are both complete ahead of budget phasing, offset by the Wetlands Renewal Program \$24,177 which is progressing behind forecast.

- f) This is mainly due to a favourable timing variance of \$3,833,677 for the Multi Storey Car Park on Boas Avenue which is under construction, as well as Ocean Reef Floating Jetties \$447,345 and Penistone Park redevelopment \$149,782.
- g) This favourable variance arose across a number of projects in the Building Capital Works Program which are in various stages of progress with outstanding commitments totalling \$381,025.
- h) Favourable variances arose for Joondalup City Centre Lighting \$84,171 which has been issued to a consultant to review the City's lighting and provide a design, Candlewood Boulevard Lighting \$10,820 which is complete and Twickenham Drive and Chelsea Court street lighting \$32,000 which is complete awaiting final invoices. In addition, Central Park Lighting Upgrade \$40,000 has been delayed until April following completion of pilot testing lighting effects with the CCTV coverage and twelve weeks lead time for the delivery of the poles.

15. Motor Vehicle Replacements

Net favourable savings of \$120,551 have arisen on Fleet and Plant purchased to date, in addition to favourable timing variances of \$337,314 for purchases still under review. This is offset by an unfavourable variance of (\$78,021) for a vehicle which was transferred to the City for use by Wanneroo – Joondalup SES, the cost of which is offset by a capital contribution (refer note 12).

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 \$1,399,531 which are not in the 2014-15 budget (refer note 16) and lower than estimated Fleet and Plant asset disposal proceeds of (\$66,570).

18. Recoupment of MRF Funding

As a result of the closure of the Materials Recovery Facility the City issued an invoice for the balance of its unrecovered funding of the facility.

19. Closing Funds

	June 2014	November 2014
Current Assets		
Cash Assets	\$72,069,086	\$126,732,458
Rates and Sundry Debtors	\$2,318,645	\$26,851,279
GST Receivable	\$1,057,569	\$765,633
Accrued Income	\$1,584,009	\$1,598,423
Advances and Prepayments	\$65,644	\$560,574
	\$77,094,953	\$156,508,367
Less: Current Liabilities		
Creditors	(\$3,504,939)	(\$5,954,233)
Sundry Payables	(\$473,280)	(\$8,795,315)
Provisions - Annual Leave	(\$3,993,937)	(\$4,330,745)
Provisions - Other	(\$7,759,035)	(\$9,176,728)
Accrued Expenses	(\$4,458,775)	(\$4,111,964)
Income in Advance	(\$1,709,829)	(\$57,750)
Borrowings	(\$1,399,466)	(\$935,058)
GST Payable	(\$257,662)	(\$257,053)
	(\$23,556,923)	(\$33,618,846)
Net Current Assets	\$53,538,030	\$122,889,521
Add: Borrowings	\$1,399,466	\$935,058
Less: Reserve Accounts	(\$53,872,049)	(\$53,872,049)
Closing Funds – Surplus/(Deficit)	\$1,065,447	\$69,952,530