



# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 August 2015

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(91,535,076)	(91,405,076)	(91,409,583)	4,507	0%
Specified Area Rates		(408,157)	(408,157)	(408,157)	-	0%
Grants and Subsidies	1	(4,230,505)	(950,395)	(440,043)	(510,352)	(54)%
Contributions Reimbursements and Donations	2	(908,197)	(108,678)	(122,212)	13,534	12%
Profit on Asset Disposals	3	(1,041,807)	-	(312,097)	312,097	100%
Fees and Charges	4	(39,556,828)	(24,072,098)	(23,909,135)	(162,963)	(1)%
Interest Earnings		(3,486,332)	(851,977)	(877,970)	25,993	3%
Other Revenue/Income	5	(160,000)	(33,000)	(29,504)	(3,496)	(11)%
<b>Total Operating Revenue</b>		<b>(141,326,902)</b>	<b>(117,829,382)</b>	<b>(117,508,701)</b>	<b>(320,681)</b>	<b>(0)%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	6	59,888,303	10,715,503	10,986,935	(271,432)	(3)%
Materials and Contracts	7	52,959,486	8,381,069	7,234,573	1,146,496	14%
Utilities (gas, electricity, water etc.)		6,276,093	1,006,305	964,534	41,771	4%
Depreciation & Amortisation of Non-Current Assets	8	27,123,831	4,608,233	4,994,396	(386,163)	(8)%
Loss on Asset Disposals		1,560,531	-	-	-	-
Interest Expenses	9	667,100	116,072	55,079	60,993	53%
Insurance Expenses	10	1,623,138	809,740	856,663	(46,923)	(6)%
<b>Total Operating Expenses</b>		<b>150,098,482</b>	<b>25,636,923</b>	<b>25,092,180</b>	<b>544,743</b>	<b>2%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>8,771,580</b>	<b>(92,192,459)</b>	<b>(92,416,521)</b>	<b>224,062</b>	<b>0%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(27,123,831)	(4,608,233)	(4,994,396)	386,163	8%
Loss on Asset Disposal		(1,560,531)	-	-	-	-
Profit on Asset Disposals		1,041,807	-	312,097	(312,097)	(100)%
Other Non-Current items						
Movement in Non-current Provisions	11	(125,000)	(125,000)	74,192	(199,192)	(159)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(18,995,975)</b>	<b>(96,925,692)</b>	<b>(97,024,628)</b>	<b>98,935</b>	<b>0%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	12	(12,797,452)	(2,041,256)	(259,235)	(1,782,021)	(87)%
Capital Contributions	13	(912,046)	-	(212,727)	212,727	100%
Equity Distribution - TPRC		(3,333,333)	-	-	-	-
Acquired Infrastructure Assets		-	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(17,042,831)</b>	<b>(2,041,256)</b>	<b>(471,962)</b>	<b>(1,569,294)</b>	<b>0%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	14	7,199,800	2,306,590	1,187,231	1,119,359	49%
Capital Works	15	39,739,288	3,875,562	5,055,222	(1,179,660)	(30)%
Vehicle and Plant Replacements	16	2,066,000	-	(864)	864	100%
Loan Repayment Principal	9	2,191,223	281,977	212,701	69,277	25%
Equity Investments		44,683	-	-	-	0%
<b>Total Capital Expenditure</b>		<b>51,240,994</b>	<b>6,464,130</b>	<b>6,454,290</b>	<b>9,840</b>	<b>0%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>34,198,163</b>	<b>4,422,874</b>	<b>5,982,328</b>	<b>(1,559,454)</b>	<b>(35)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>15,202,188</b>	<b>(92,502,819)</b>	<b>(91,042,300)</b>	<b>(1,460,519)</b>	<b>(2)%</b>
<b>FUNDING</b>						
Proceeds from Disposal	17	(5,490,375)	-	(1,050,000)	1,050,000	-
Loans - New Borrowings	18	(2,498,000)	(1,769,000)	-	(1,769,000)	(100)%
Transfer from Trust		-	-	-	-	-
Transfer from Reserve		(18,243,437)	-	-	-	-
Transfer to Reserve		12,019,289	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds		(989,665)	(989,665)	(989,665)	-	0%
<b>CLOSING FUNDS</b>	19	<b>-</b>	<b>(95,261,484)</b>	<b>(93,081,965)</b>	<b>(2,179,519)</b>	<b>100%</b>



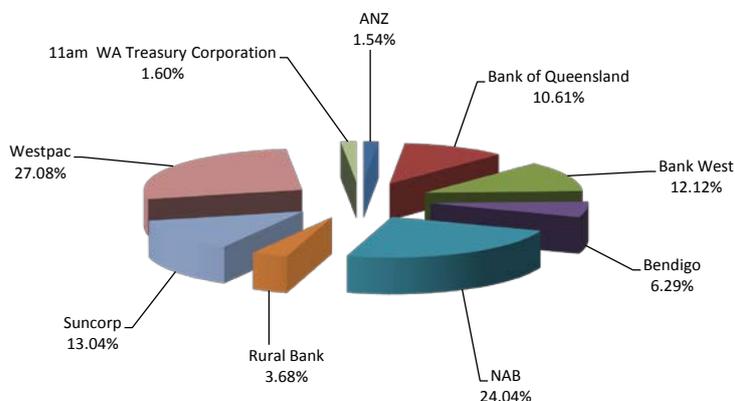
## Investment Summary

**CITY OF JOONDALUP**  
August-15

Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
AA-	A-1+	ANZ Term Deposit	2.82%	2.82%	\$ 2,300,000.00	1.54%	25%
A-	A-2	Bank of Queensland Term Deposit	3.03%	3.07%	\$ 15,850,000.00	10.61%	10%
AA-	A-1+	Bank West Term Deposit	2.86%	2.87%	\$ 18,100,000.00	12.12%	25%
A-	A-2	Bendigo Term Deposit	3.06%	3.19%	\$ 9,400,000.00	6.29%	10%
AA-	A-1+	NAB Term Deposit	3.08%	3.11%	\$ 35,900,000.00	24.04%	25%
A-	A-2	Rural Bank Term Deposit	3.17%	3.36%	\$ 5,500,000.00	3.68%	10%
A+	A-1	Suncorp Term Deposit	3.06%	3.12%	\$ 19,470,000.00	13.04%	15%
AA-	A-1+	Westpac Term Deposit	2.90%	2.91%	\$ 40,440,000.00	27.08%	25%
AA+	A-1+	11am WA Treasury Corporation	1.95%	1.95%	\$ 2,393,000.00	1.60%	25%

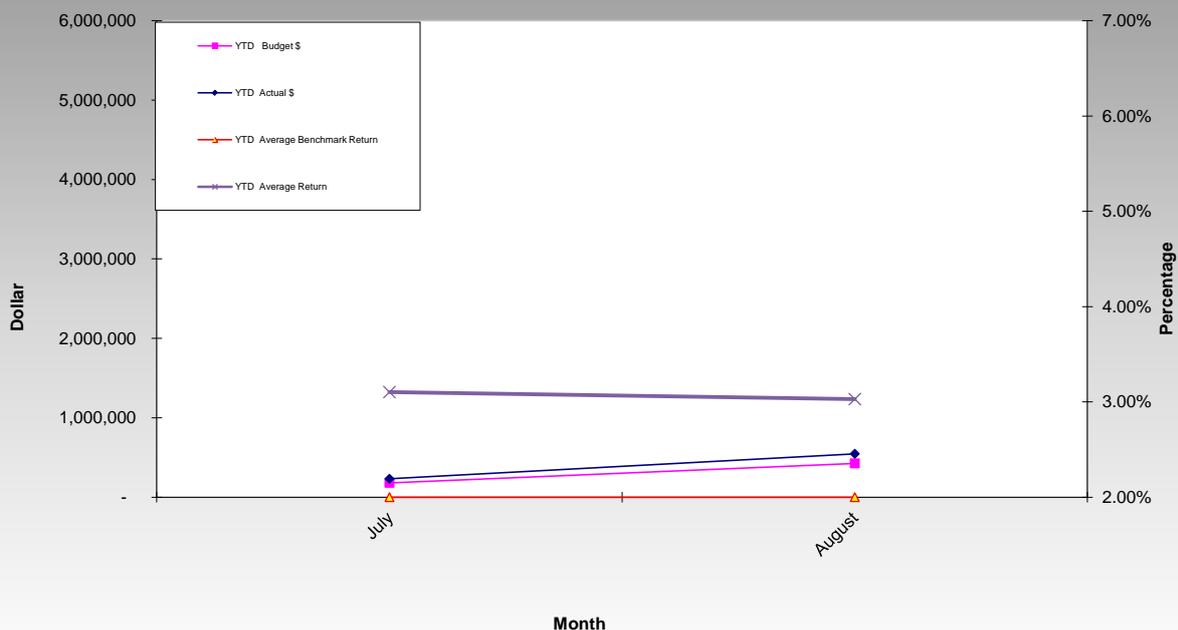
<b>Total Investment Portfolio</b>	2.98%	3.03%	<b>149,353,000</b>	100.00%
Municipal Funds			88,744,941	
Reserve Funds			60,608,059	
			<b>149,353,000</b>	

### City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	180,892	231,571	180,892	231,571	2.00%	3.10%
August	244,585	314,846	425,477	546,417	2.00%	3.03%

### Return on Investments





**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDED ON 31 AUGUST 2015**

**1. Grants and Subsidies**

	YTD Adopted Budget	YTD Actual	Variance
a) Commonwealth Financial Assistance Grant - General Purpose	\$884,168	\$412,890	(\$471,278)
b) Other Grants & Subsidies	\$66,227	\$27,153	(\$39,074)
	<u>\$950,395</u>	<u>\$440,043</u>	<u>(\$510,352)</u>

- a) The General Purpose Financial Assistance Grant received is (\$471,278) lower than budget mainly due to a significant portion of the 2015-16 grant having been received in the prior financial year. This will be updated during the mid-year budget review.
- b) This unfavourable timing variance includes (\$20,718) for the first quarterly payment of the DFES 2015-16 grant which was received in advance in the previous financial year and (\$22,500) for the Lotterywest Emergency Relief Grant which will be received later than estimated. These are partly offset by a favourable timing variance of \$4,000 for the Joondalup Festival.

**2. Contributions, Reimbursements and Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$6,340	(\$9,072)	(\$15,412)
b) Sponsorship	\$37,409	\$16,000	(\$21,409)
c) Reimbursements	\$64,929	\$115,284	\$50,355
	<u>\$108,678</u>	<u>\$122,212</u>	<u>\$13,534</u>

- a) Contributions for the maintenance of school sports ovals were overstated in the prior financial year. This correction has generated an unfavourable variance of (\$11,558). The balance is spread across a number of areas.
- b) Sponsorship revenue for various events is now expected to be received later than budget estimates
- c) The City received unbudgeted reimbursements of \$24,758 for 2014-15 rates for the Tamala Park Waste Disposal site as a result of the revaluation of the land and \$10,000 to cover costs associated with the Department of the Environment, Green Army program. In addition, utility reimbursements for City leased properties are \$7,839 higher than budget.

**3. Profit on Asset Disposals**

This variance is due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels which were not included in the budget.



#### 4. Fees and Charges

	YTD Budget	YTD Actual	Variance
a) Hire and Rentals	\$116,690	\$141,368	\$24,678
b) Fines and Penalties	\$224,213	\$259,928	\$35,715
c) Licenses and Registrations	\$49,793	\$61,800	\$12,007
d) Inspection and Control Fees	\$747,436	\$770,359	\$22,923
e) Refuse Charges	\$20,346,414	\$20,061,805	(\$284,609)
Other variances	\$2,587,552	\$2,613,875	\$26,323
	<u>\$24,072,098</u>	<u>\$23,909,135</u>	<u>(\$162,963)</u>

- a) This is mainly driven by a favourable timing variance for telecommunication tower fees \$24,505.
- b) The volume of Parking Infringements paid is higher than estimated in the budget resulting in a favourable variance of \$31,620. The remainder of the variance is spread across several accounts.
- c) A favourable timing variance arose for Food Business Administration Fees \$13,034.
- d) Environmental Health annual inspection fees received are \$21,278 ahead of budget phasing.
- e) The actual number of domestic refuse removal charges levied is lower than budgeted at this stage.

#### 5. Other Revenue

The City's share of Adshell advertising revenue is (\$6,662) lower than budget. This is partly offset by favourable variances for Rebates Received \$2,663 and Discounts Received \$503.

#### 6. Employee Costs

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$9,623,901	\$9,854,943	(\$231,042)
b) Other Employment Costs	\$1,091,602	\$1,131,992	(\$40,390)
	<u>\$10,715,503</u>	<u>\$10,986,935</u>	<u>(\$271,432)</u>

- a) The Provision for Employee Entitlements is (\$400,134) higher than budget and arises from the timing of annual and long service leave taken. This is partly offset by a favourable variance of \$169,092 mainly due to vacant positions across various areas.
- b) A favourable variance arose for Capital Labour Recoveries \$135,027. This is due to a combination of higher utilisation of internal labour and Agency Employees for capital work and the timing of projects compared to budget estimates. In addition a favourable timing variance arose for Staff Training \$51,096. These are partly offset



by an unfavourable variance for Agency Employees (\$224,011) that are used for capital work and to cover staff vacancies.

## 7. Materials and Contracts

	YTD Budget	YTD Actual	Variance
a) External Service Expenses	\$3,793,558	\$2,996,129	\$797,429
b) Professional Fees and Costs	\$445,392	\$382,726	\$62,666
c) Contributions and Donations	\$309,218	\$166,856	\$142,362
d) Computing	\$327,661	\$647,540	(\$319,879)
e) Other Materials	\$374,392	\$227,864	\$146,528
f) Waste Management	\$1,311,903	\$1,166,168	\$145,735
g) Furniture, Equipment and Artworks	\$278,869	\$193,891	\$84,978
h) Charges and Recoveries	-	(\$54,480)	\$54,480
Other Materials and Contracts	\$1,540,076	\$1,507,879	\$32,197
	<u>\$8,381,069</u>	<u>\$7,234,573</u>	<u>\$1,146,496</u>

- a) External Contractors and Services is \$600,006 below budget predominantly due to timing variances including Parks and Natural Areas \$362,463, Engineering \$54,831 and Building Maintenance \$147,492. In addition, favourable variances arose for Bulk and Domestic Tipping Fees \$212,234 due to lower tonnages collected.
- b) Favourable variances arose for Consultancy \$62,368 and Legal Expenses \$16,295 partly offset by unfavourable variances for Fines Enforcement Lodgment Fees (\$9,293) and Recoverable Legal Expenses (\$5,495).
- c) A favourable variance arose for Grants and Contributions \$137,636 mainly due to the timing of contribution payments to cricket and bowling clubs which are now scheduled for September. The balance is spread across a number of areas.
- d) An unfavourable timing variance arose for Computer Software Maintenance (\$348,496). This is partly offset by a favourable timing variance for Computer Software Licences \$26,771. These will be smoothed out over the coming months.
- e) Favourable timing variances arose of \$86,572 for Materials mainly associated with Parks and Engineering Maintenance and \$63,227 for the purchase of Trading Stock for the Leisure Centre shop.
- f) This favourable variance includes Bulk Collection \$106,405 due to tonnage variations compared to budget estimates, collection and processing of Recyclables \$17,066 and Weekend Greens \$16,916.
- g) Favourable timing variances arose for Parking Plant and Equipment maintenance \$37,050, Waste Refuse Bin purchases \$12,289, Leisure Centre Fitness Equipment purchases \$11,049 and Hire of Equipment \$13,107. The balance of the variance is spread across a number of areas.
- h) Favourable capital recovery variances arose for Overheads \$38,423 and Fleet and Plant \$16,057. These are due to a combination of higher utilisation of internal labour for capital work and the timing of projects compared to budget estimates.

## 8. Depreciation and Amortisation of Non-Current Assets

This unfavourable variance includes higher than estimated depreciation for Infrastructure Assets (\$334,605) mainly for Open Reserves and Other Infrastructure Assets following revaluation at 30 June 2015. In addition depreciation for Property, Plant and Equipment assets is (\$51,558) higher than originally estimated as newly acquired and constructed assets were added to the depreciation schedule after the budget was approved. The depreciation budget will be adjusted in the mid-year review.

## 9. Interest Expenses

The loan to partly fund the Bramston Park Facility has not yet been drawn generating savings to budget of \$9,658. In addition, accrued interest for the month has been understated by \$43,419. This will be corrected in September 2015. The balance of the variance is due to a change in the treatment of the Government Guarantee Fee by WATC, which will be better reflected during the budget review.

## 10. Insurance Expenses

An unfavourable timing variance arose for Other General Insurance (\$34,658) which is expected to re-align to budget in the coming months. In addition, Insurance Excess to date is (\$15,293) higher than budget. The balance of the variance is due to net premiums on other insurance categories being lower than budget.

## 11. Non-Current Items

The year to date movement in the non-current long service leave liability is \$199,192 lower than estimated.

## 12. Capital Grants and Subsidies

	YTD Revised Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,121,389	\$252,020	(\$869,369)
b) Major Road Construction Program	\$411,467	-	(\$411,467)
c) Blackspot Program	\$346,400	-	(\$346,400)
d) Other Grants	\$162,000	\$7,215	(\$154,785)
	<u>\$2,041,256</u>	<u>\$259,235</u>	<u>(\$1,782,021)</u>

a) Unfavourable timing variances arose for Direct Grants (\$416,000) and Metropolitan Regional Road Grants (\$188,017). The first 40% grant claims have been submitted to Main Roads WA and are awaiting payment. In addition, the Federal Local Road Grant is (\$265,352) lower than budget mainly due to a significant portion of the 2015-16 grant having been received in the prior financial year.

b) This unfavourable timing variance is for the first 40% grant claim for Ocean Reef Road / Joondalup Drive Intersection Upgrade (\$411,467). The claim has been



submitted to Main Roads WA in August however payment has not yet been received.

- c) The City has submitted its claim for the first 40% of the grants for Blackspot projects however payment is yet to be received.
- d) An unfavourable variance arose for the Better Bins Project (\$117,000) which will be claimed once final approval of the grant has been received. In addition, the Lotterywest grant of (\$45,000) for the Youth Services Bus will be received later than originally forecast.

### 13. Capital Contributions

The City has invoiced Marmion Angling and Aquatic Club (MAAC) for their contribution towards the construction of a new car park north of the MAAC earlier than estimated in the budget.

### 14. Capital Projects

	YTD Budget	YTD Actual	Variance
a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden	\$288,158	\$15,833	\$272,325
b) Public Art	\$100,000	\$56,564	\$43,436
c) Infrastructure Asset Management System Implementation	\$85,000	\$8,298	\$76,702
d) Better Bins Project	\$400,000	-	\$400,000
e) Youth Bus - Fit Out	\$90,000	-	\$90,000
f) Parking Ticket Machines – upgrade	\$187,761	-	\$187,761
g) CCTV – Joondalup City Centre	\$54,000	-	\$54,000
Other Projects	\$1,101,671	\$1,106,536	(\$4,865)
	<u>\$2,306,590</u>	<u>\$1,187,231</u>	<u>\$1,119,359</u>

- a) Tasks associated with the project continued throughout the period including meetings with government departments; however, expenditure has not been as estimated in the budget.
- b) The water feature installation in Central Walk is complete however, final invoices are yet to be received .
- c) This favourable variance is due to the timing of the Infrastructure Asset Management System Implementation which is progressing behind budget estimate.
- d) The project to purchase larger 360 litre bins is progressing behind budget phasing.
- e) Vehicle and fit out requirements have been finalised and quotes for the truck have been requested.
- f) Alternative vendors for card reader transaction processing are currently being assessed.



g) Quotes for CCTV system upgrades are expected in the coming months.

### 15. Capital Works

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$867,312	\$502,360	\$364,952
b) Major Projects Program	\$2,070,000	\$3,188,192	(\$1,118,192)
c) Stormwater Drainage Program	\$18,000	\$83,796	(\$65,796)
d) Paths Replacement Program	\$52,500	\$195,764	(\$143,264)
e) Major Building Capital Works Program	\$220,000	\$371,076	(\$151,076)
f) Local Traffic Management	\$90,000	\$36,930	\$53,070
g) Parking Facilities Program	\$50,000	\$134,259	(\$84,259)
h) Streetscape Enhancement Program	\$305,000	\$144,755	\$160,245
i) Parks Equipment Program	\$29,250	\$180,084	(\$150,834)
Other Works variances - not material	\$173,500	\$218,006	(\$44,506)
	<u>\$3,875,562</u>	<u>\$5,055,222</u>	<u>(\$1,179,660)</u>

- a) This favourable variance includes four projects Bearing Parade \$33,903, Contour Drive \$32,823, Althea Way \$30,928 and Mair Place \$5,724 which are complete and awaiting final invoices. The balance is due to favourable timing variances for a number of projects that have commenced including Truslove Way \$64,660, Gilbert Road \$36,953, Parkinson Place \$38,765 and Sycamore Drive \$31,245.
- b) An unfavourable timing variance arose for the Multi Storey Car Park (\$654,071) which is funded from reserves. This is mainly due to lower expenditure in the prior financial year due to the timing of progress payments for the project. In addition, unfavourable timing variances arose for Marmion Foreshore Parking (\$302,262), which is predominantly reserve funded, and Bramston Park (\$444,320). These are partly offset by a favourable timing variance for Ocean Reef Boat Harbour Floating Jetties \$267,118 which is 75% constructed however contractor payments are behind budget phasing.
- c) A number of unfavourable timing variances arose including Gosse Road Drainage Upgrade (\$12,751), Blackwall Drive (\$20,465) and Parkinson Place (\$17,857) which are complete ahead of budget phasing.
- d) This unfavourable variance is a result of a number of projects that are complete ahead of schedule including Allenswood Road projects (\$30,665) and Hilton Park (\$65,101) which commenced earlier than estimated.
- e) An unfavourable variance arose of (\$253,756) for the Deep Sewer connection project which is funded from 2014-15 carry forwards. This is partly offset by a favourable variance of \$99,757 for the Compliance and Access & Inclusion works project which was originally anticipated to be a carry forward from 2014-15, however the works were eventually undertaken, completed and invoiced within the 2014-15 financial year.
- f) This favourable variance includes \$26,173 due to the reversal of 2014-15 accruals for Koombana Way traffic treatment for which invoices have not yet been received.



In addition, Hepburn Avenue / Karuah Way Wig Wag project was scheduled to be brought forward to 2015-16 however Main Roads WA completed the works and expended the funds in the previous financial year.

- g) An unfavourable timing variance arose for St Marks Drive Parking Improvements (\$91,584) which was completed early during the July school holidays. This is offset by a favourable variance of \$9,212 for Elcar Lane Parking Improvements.
- h) Streetscape Enhancement Program shows a favourable variance of \$160,380 mainly due to the Arterial Roads Landscape \$190,380 which is now 35% complete with \$441,738 in outstanding commitments. This is offset by unfavourable timing variances for the Streetscape Renewal Program (\$26,085) and the Leafy City Program (\$4,050).
- i) A number of playground projects are progressing ahead of schedule, including Otago Park (\$64,874) and Albacore Park (\$89,218), giving rise to this unfavourable timing variance.

#### **16. Vehicle and Plant Replacements**

This favourable variance is in respect of a credit received for a hydraulic motor that was scheduled to be replaced but was reconditioned instead.

#### **17. Proceeds from Disposal**

The City disposed of Lot 549 Moolanda Boulevard, Kingsley earlier than anticipated in the budget.

#### **18. Loans – New Borrowings**

Bramston Park Facility borrowings have not yet been drawn down.



### 19. Closing Funds

	June 2015	August 2015
<b>Current Assets</b>		
Cash Assets	\$88,083,406	\$149,447,395
Rates and Sundry Debtors	\$3,199,215	\$48,164,592
GST Receivable	\$1,280,332	\$1,418,340
Accrued Income	\$1,294,538	\$979,384
Advances and Prepayments	\$585,146	\$332,855
	\$94,442,637	\$200,342,566
<b>Less: Current Liabilities</b>		
Creditors	(\$3,813,705)	(\$6,974,183)
Sundry Payables	(\$512,937)	(\$18,231,549)
Provisions - Annual Leave	(\$4,719,152)	(\$4,665,444)
Provisions - Other	(\$9,492,950)	(\$9,850,359)
Accrued Expenses	(\$8,244,538)	(\$2,991,229)
Income in Advance	(\$2,212,868)	(\$63,210)
Borrowings	(\$1,823,565)	(\$1,610,864)
GST Payable	(\$194,830)	(\$222,635)
	(\$31,014,545)	(\$44,609,473)
<b>Net Current Assets</b>	<b>\$63,428,092</b>	<b>\$155,733,093</b>
<b>Add:</b> Borrowings	\$1,823,565	\$1,610,864
<b>Less:</b> Reserve Accounts	(\$64,261,992)	(\$64,261,992)
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$989,665</b>	<b>\$93,081,965</b>