



City of Joondalup

Financial Activity Statement for the
Period Ended 31 July 2015

Contents

Appendix

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

| | Notes | Adopted Budget | YTD Adopted Budget | YTD Actual | YTD Variance \$ | YTD Variance % |
|--|-------|----------------------|----------------------|----------------------|------------------|----------------|
| OPERATING REVENUE | | | | | | |
| Rates | | (91,535,076) | (91,405,076) | (91,411,606) | 6,530 | 0% |
| Specified Area Rates | | (408,157) | (408,157) | (408,157) | - | 0% |
| Grants and Subsidies | 1 | (4,230,505) | (43,728) | (23,153) | (20,575) | (47)% |
| Contributions Reimbursements and Donations | 2 | (908,197) | (35,789) | (56,982) | 21,193 | 59% |
| Profit on Asset Disposals | | (1,041,807) | - | - | - | - |
| Fees and Charges | 3 | (39,556,828) | (22,300,502) | (22,225,839) | (74,663) | (0)% |
| Interest Earnings | 4 | (3,486,332) | (189,392) | (272,611) | 83,219 | 44% |
| Other Revenue/Income | 5 | (160,000) | (33,000) | (55,842) | 22,842 | 69% |
| Total Operating Revenue | | (141,326,902) | (114,415,644) | (114,454,190) | 38,546 | 0% |
| OPERATING EXPENSES | | | | | | |
| Employee Costs | 6 | 59,888,303 | 6,048,158 | 6,358,914 | (310,756) | (5)% |
| Materials and Contracts | 7 | 52,959,486 | 4,160,126 | 3,455,877 | 704,249 | 17% |
| Utilities (gas, electricity, water etc.) | 8 | 6,276,093 | 499,450 | 470,118 | 29,332 | 6% |
| Depreciation & Amortisation of Non-Current Assets | 9 | 27,123,831 | 2,304,118 | 2,552,337 | (248,219) | (11)% |
| Loss on Asset Disposals | | 1,560,531 | - | - | - | - |
| Interest Expenses | 10 | 667,100 | 58,036 | 50,939 | 7,097 | 12% |
| Insurance Expenses | | 1,623,138 | 809,601 | 840,926 | (31,325) | (4)% |
| Total Operating Expenses | | 150,098,482 | 13,879,489 | 13,729,111 | 150,378 | 1% |
| (SURPLUS)/DEFICIT FROM OPERATIONS | | 8,771,580 | (100,536,156) | (100,725,079) | 188,923 | 0% |
| OPERATING NON-CASH ADJUSTMENTS | | | | | | |
| Depreciation & Amortisation of Non Current Assets | | (27,123,831) | (2,304,118) | (2,552,337) | 248,219 | 11% |
| Loss on Asset Disposal | | (1,560,531) | - | - | - | - |
| Profit on Asset Disposals | | 1,041,807 | - | - | - | - |
| Other Non-Current items | | | | | | |
| Movement in Non-current Provisions | 11 | (125,000) | (125,000) | 4,404 | (129,404) | (104)% |
| OPERATING CASH (SURPLUS)/DEFICIT | | (18,995,975) | (102,965,274) | (103,273,012) | 307,738 | 0% |
| NON-OPERATING REVENUE | | | | | | |
| Capital Grants and Subsidies | 12 | (12,797,452) | (45,000) | - | (45,000) | (100)% |
| Capital Contributions | | (912,046) | - | - | - | - |
| Equity Distribution - TPRC | | (3,333,333) | - | - | - | - |
| Acquired Infrastructure Assets | | - | - | - | - | - |
| Total Non-Operating Revenue | | (17,042,831) | (45,000) | - | (45,000) | 0% |
| CAPITAL EXPENDITURE | | | | | | |
| Capital Projects | 13 | 7,199,800 | 543,869 | 137,171 | 406,698 | 75% |
| Capital Works | 14 | 39,739,288 | 1,460,062 | 853,043 | 607,019 | 42% |
| Vehicle and Plant Replacements | 15 | 2,066,000 | - | (9,614) | 9,614 | 100% |
| Loan Repayment Principal | | 2,191,223 | 212,701 | 212,701 | - | 0% |
| Equity Investments | | 44,683 | - | - | - | 0% |
| Total Capital Expenditure | | 51,240,994 | 2,216,632 | 1,193,301 | 1,023,331 | 46% |
| CAPITAL (SURPLUS)/DEFICIT | | 34,198,163 | 2,171,632 | 1,193,301 | 978,331 | 45% |
| (SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL | | 15,202,188 | (100,793,642) | (102,079,711) | 1,286,069 | 1% |
| FUNDING | | | | | | |
| Proceeds from Disposal | | (5,490,375) | - | - | - | - |
| Loans - New Borrowings | 16 | (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% |
| CLOSING FUNDS | 17 | - | (103,552,307) | (103,069,376) | (482,931) | 100% |



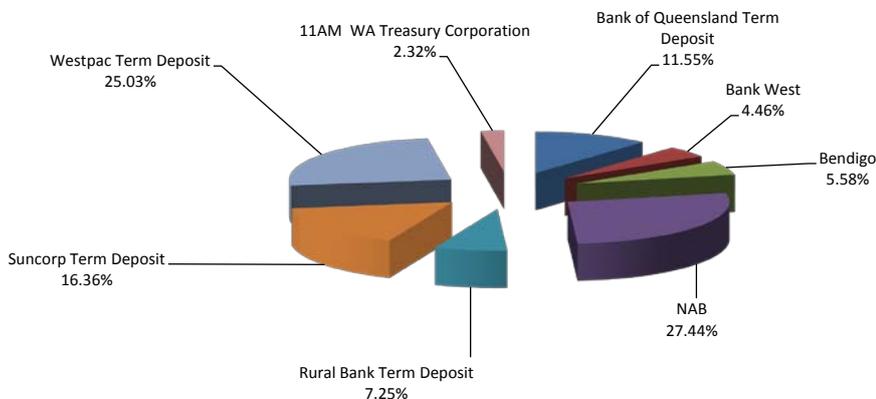
Investment Summary

CITY OF JOONDALUP
July-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 | 3.13% | 3.13% | \$ 10,350,000.00 | 11.55% | 10% |
| AA- | A-1+ | Bank West | 2.90% | 2.90% | \$ 4,000,000.00 | 4.46% | 25% |
| A- | A-2 | Bendigo | 3.27% | 3.27% | \$ 5,000,000.00 | 5.58% | 10% |
| AA- | A-1+ | NAB | 3.15% | 3.15% | \$ 24,600,000.00 | 27.44% | 25% |
| A- | A-2 | Rural Bank Term Deposit | 3.50% | 3.50% | \$ 6,500,000.00 | 7.25% | 10% |
| A+ | A-1 | Suncorp Term Deposit | 3.19% | 3.19% | \$ 14,670,000.00 | 16.36% | 15% |
| AA- | A-1+ | Westpac Term Deposit | 2.93% | 2.93% | \$ 22,440,000.00 | 25.03% | 25% |
| AA+ | A-1+ | 11AM WA Treasury Corporation | 1.95% | 1.95% | \$ 2,083,000.00 | 2.32% | 25% |

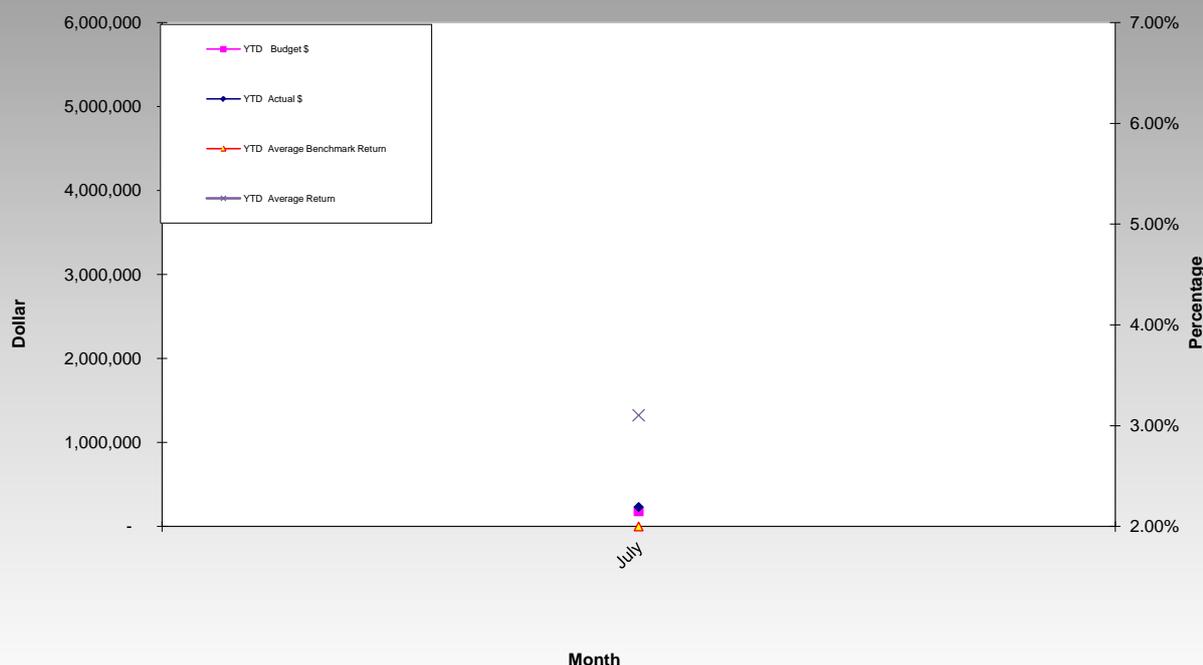
| | | | | |
|-----------------------------------|-------|-------|-------------------|---------|
| Total Investment Portfolio | 3.10% | 3.10% | 89,643,000 | 100.00% |
| Municipal Funds | | | 25,812,412 | |
| Reserve Funds | | | 63,830,588 | |
| | | | 89,643,000 | |

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% |

Return on Investments





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

1. Grants and Subsidies

The City received the first quarterly payment of the DFES 2015-16 grant in the previous financial year generating an unfavourable timing variance of (\$20,718).

2. Contributions, Reimbursements and Donations

The City has received \$16,000 for event Sponsorship earlier than anticipated. The balance is spread across a number of areas.

3. Fees and Charges

| | YTD Budget | YTD Actual | Variance |
|-------------------------------|---------------------|---------------------|-------------------|
| a) Sports and Recreation Fees | \$540,061 | \$622,839 | \$82,778 |
| b) Fines and Penalties | \$112,302 | \$138,160 | \$25,858 |
| c) Other Fees and Charges | \$107,729 | \$190,172 | \$82,443 |
| d) Refuse Charges | \$20,351,811 | \$20,067,864 | (\$283,947) |
| Other variances | \$1,188,599 | \$1,206,804 | \$18,205 |
| | <u>\$22,300,502</u> | <u>\$22,225,839</u> | <u>(\$74,663)</u> |

a) This is mainly driven by a favourable variance for the Learn To Swim program \$103,474 partly offset by lower Admission Fees (\$23,277).

b) The volume of Parking Infringements issued is higher than estimated in the budget resulting in a favourable variance of \$23,061. The remainder of the variance is spread across several accounts.

c) A favourable timing variance arose for Rates Administration Fees \$67,931. The balance of the variance is spread across several accounts.

d) The actual number of domestic refuse removal charges levied is lower than budgeted at this stage.

4. Interest Earnings

Interest earned on investments exceeded budget by \$50,783 mainly due to the volume of investment funds being higher than budgeted. In addition, a favourable timing variance arose of \$34,436 in respect of interest from late payments and rates instalment options.

5. Other Revenue

Adshell advertising revenue is \$19,676 higher than budget mainly due to the duplication of an invoice, this will be corrected in August 2015. In addition, favourable variances arose for Rebates Received \$2,663 and Discounts Received \$503.



6. Employee Costs

| | YTD Budget | YTD Actual | Variance |
|---------------------------|--------------------|--------------------|--------------------|
| a) Salaries and Wages | \$5,019,061 | \$5,332,751 | (\$313,690) |
| b) Other Employment Costs | \$1,029,097 | \$1,026,163 | \$2,934 |
| | <u>\$6,048,158</u> | <u>\$6,358,914</u> | <u>(\$310,756)</u> |

- a) The Provision for Employee Entitlements is (\$454,237) higher than budget and is dependent on the timing of annual and long service leave taken. This is partly offset by a favourable variance of \$140,548 mainly due to vacant positions across various areas.
- b) A favourable timing variance of \$91,964 arose for Capital Labour Recoveries due to utilisation of internal labour for Capital Works. This is partly offset by an unfavourable variance for Agency Employees (\$79,531) which are mainly used to cover staff vacancies. The balance of the variance is spread across a number of accounts.

7. Materials and Contracts

| | YTD Budget | YTD Actual | Variance |
|--------------------------------------|--------------------|--------------------|------------------|
| a) External Service Expenses | \$1,876,666 | \$1,290,996 | \$585,670 |
| b) Professional Fees and Costs | \$353,105 | \$288,399 | \$64,706 |
| c) Accommodation and Property | \$135,764 | \$219,442 | (\$83,678) |
| d) Books & Publications | \$39,470 | \$127,162 | (\$87,692) |
| e) Other Materials | \$151,797 | \$82,379 | \$69,418 |
| f) Waste Management | \$655,952 | \$625,347 | \$30,605 |
| g) Furniture, Equipment and Artworks | \$107,387 | \$54,882 | \$52,505 |
| Other Materials and Contracts | \$839,985 | \$767,270 | \$72,715 |
| | <u>\$4,160,126</u> | <u>\$3,455,877</u> | <u>\$704,249</u> |

- a) External Contractors and Services is \$492,353 below budget predominantly due to timing variances including Parks \$266,809 and Building Maintenance \$203,514. In addition, favourable variances arose for Bulk and Domestic Tipping Fees \$95,014.
- b) This favourable variance arose for Consultancy \$50,350 and Legal Expenses \$18,025.
- c) An unfavourable variance of (\$72,389) arose in respect of lease charges for the Works Operations Centre due to an invoicing error which is expected to be credited in August. Unfavourable timing variances also arose for FESA ESL (\$19,437) and Water Rates (6,874) that are partly offset by a favourable variance for Refuse Removal \$14,736.
- d) An unfavourable variance arose for Subscriptions (\$84,774) mainly due to the WALGA Subscription (\$73,903) that was processed earlier than budget phasing.



- e) A favourable timing variance arose of \$78,894 for Materials mainly associated with Parks and Building Maintenance. This is partly offset by an unfavourable variance for the purchase of Trading Stock for the Leisure Centre shop.
- f) This variance mainly arose due to Domestic Collection tonnage variations compared to budget estimates.
- g) Favourable variances arose for Parking Plant and Equipment maintenance \$34,480 and Waste Refuse Bin purchases \$13,404. The balance of the variance is spread across a number of areas.

8. Utilities

Electricity costs are \$33,065 below budget. This includes favourable variances of \$17,066 for Street Lighting and \$21,177 for Parks. This is offset by a net unfavourable timing variance of (\$3,734) on gas and water costs.

9. Depreciation and Amortisation of Non-Current Assets

This unfavourable variance includes higher than estimated depreciation for Infrastructure Assets (\$203,178) mainly for Open Reserves and Other Infrastructure Assets following revaluation at 30 June 2015. In addition depreciation for Property, Plant and Equipment assets is (\$45,041) higher than budget.

10. Interest Expenses

The loan to partly fund the Bramston Park Facility has not yet been drawn generating savings to budget of \$4,829. The balance of the variance is due to a change in the treatment of the Government Guarantee Fee by WATC.

11. Non-Current Items

The year to date movement in the non-current long service leave liability being is \$129,404 lower than estimated.

12. Capital Grants and Subsidies

The budgeted Lotterywest grant (\$45,000) for the Youth Services Bus will be received later than originally forecast.



13. Capital Projects

| | YTD Budget | YTD Actual | Variance |
|---|------------------|------------------|------------------|
| a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden | \$144,079 | \$10,436 | \$133,643 |
| b) Public Art | \$100,000 | \$21,438 | \$78,562 |
| c) Infrastructure Asset Management System Implementation | \$85,000 | \$4,101 | \$80,899 |
| d) Youth Bus - Fit Out | \$90,000 | - | \$90,000 |
| Other Projects | \$124,790 | \$101,196 | \$23,594 |
| | <u>\$543,869</u> | <u>\$137,171</u> | <u>\$406,698</u> |

- a) An application was submitted to the National Stronger Regions for a \$10 million grant towards the cost of this project. In addition, tasks associated with the preparation of a JPACF Business Case for presentation to Council continued throughout the period.
- b) The installation of the Public Art water feature in Central Walk is scheduled to be completed in August.
- c) This favourable variance is due to the timing of the Infrastructure Asset Management System Implementation which is progressing behind budget estimate.
- d) Vehicle and fit out requirements have been finalised and an order for the truck is expected to be placed in August.

14. Capital Works

| | YTD Budget | YTD Actual | Variance |
|--|--------------------|------------------|------------------|
| a) Road Preservation / Resurfacing Program | \$356,812 | \$50,144 | \$306,668 |
| b) Major Projects Program | \$785,000 | \$700,140 | \$84,860 |
| c) Stormwater Drainage Program | \$5,000 | (\$62,896) | \$67,896 |
| d) Paths Replacement Program | \$17,500 | \$68,420 | (\$50,920) |
| e) Major Building Capital Works Program | \$100,000 | \$8,031 | \$91,969 |
| f) Local Traffic Management | \$50,000 | (\$22,472) | \$72,472 |
| Other Works variances - not material | \$145,750 | \$111,676 | \$34,074 |
| | <u>\$1,460,062</u> | <u>\$853,043</u> | <u>\$607,019</u> |

- a) The Road Preservation Program is showing favourable timing variances for a number of projects that have commenced, with work expected to progress over the following months.
- b) Favourable timing variances arose for the Multi Storey Car Park \$460,674 and Ocean Reef Boat Harbour Floating Jetties \$122,198, which are progressing behind budget phasing, and the Synthetic Hockey Pitch project \$30,345 which is currently in the design stage. These are partly offset by unfavourable timing variances for Marmion Foreshore Parking (\$184,749) and Bramston Park Facility (\$343,608) which both commenced in 2014-15 and are progressing ahead of budget phasing.



- c) This favourable variance is predominantly due to 18 Cliverton Court – Property Flooding \$70,355 which was completed in June 2015 and is awaiting final supplier invoice.
- d) This unfavourable variance is a result of a number of projects that are complete ahead of schedule including Sulina Place (\$11,581), Volute Place to Gardiina Place (\$9,321), Tellen Street to Triton Place (\$9,017) and Allenswood Road projects (\$30,665).
- e) A favourable variance of \$99,757 arose for the Compliance and Access & Inclusion works project. This project 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 been received. The balance of the variance is due to a number of projects progressing behind budget schedule.

15. Vehicle and Plant Replacements

This favourable variance includes \$8,750 in respect of 2014-15 accruals for which invoices have not been received in this financial year.

16. Loans – New Borrowings

Bramston Park Facility borrowings have not yet been drawn down.



17. Closing Funds

| | June 2015 | July 2015 |
|--|---------------------|----------------------|
| Current Assets | | |
| Cash Assets | \$88,083,406 | \$90,039,365 |
| Rates and Sundry Debtors | \$3,199,215 | \$116,804,007 |
| GST Receivable | \$1,280,332 | \$952,559 |
| Accrued Income | \$1,294,538 | \$1,135,727 |
| Advances and Prepayments | \$585,146 | \$317,850 |
| | \$94,442,637 | \$209,249,508 |
| Less: Current Liabilities | | |
| Creditors | (\$3,813,705) | (\$973,453) |
| Sundry Payables | (\$512,937) | (\$24,038,869) |
| Provisions - Annual Leave | (\$4,719,152) | (\$4,692,402) |
| Provisions - Other | (\$9,492,950) | (\$9,842,986) |
| Accrued Expenses | (\$8,244,538) | (\$2,216,538) |
| Income in Advance | (\$2,212,868) | (\$63,374) |
| Borrowings | (\$1,823,565) | (\$1,610,864) |
| GST Payable | (\$194,830) | (\$90,518) |
| | (\$31,014,545) | (\$43,529,004) |
| Net Current Assets | \$63,428,092 | \$165,720,504 |
| Add: Borrowings | \$1,823,565 | \$1,610,864 |
| Less: Reserve Accounts | (\$64,261,992) | (\$64,261,992) |
| Closing Funds – Surplus/(Deficit) | \$989,665 | \$103,069,376 |