



City of Joondalup

Financial Activity Statement for the Period Ended 28 February 2015

Contents

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| | Notes | Revised Budget | YTD Revised Budget | YTD Actual | YTD Variance \$ | YTD Variance % |
|--|-------|----------------------|-----------------------|----------------------|--------------------|----------------------|
| OPERATING REVENUE | | | | | | |
| Rates | 1 | (86,422,561) | (86,352,561) | (86,264,706) | (87,855) | (0)% |
| Specified Area Rates | | (416,610) | (416,610) | (418,140) | 1,530 | 0% |
| Grants and Subsidies | | (4,111,633) | (2,941,476) | (2,899,598) | (41,878) | (1)% |
| Contributions Reimbursements and Donations | | (1,214,794) | (920,612) | (957,219) | 36,607 | 4% |
| Profit on Asset Disposals | 2 | (1,683,375) | (1,296,009) | (2,218,671) | 922,662 | 71% |
| Fees and Charges | 3 | (38,342,565) | (32,895,003) | (32,739,659) | (155,344) | (0)% |
| Interest Earnings | 4 | (4,493,312) | (3,411,860) | (3,469,080) | 57,220 | 2% |
| Other Revenue/Income | 5 | (317,921) | (287,921) | (307,496) | 19,575 | 7% |
| Total Operating Revenue | | (137,002,771) | (128,522,053) | (129,274,569) | 752,516 | 1% |
| OPERATING EXPENSES | | | | | | |
| Employee Costs | 6 | 58,318,483 | 39,416,853 | 38,463,189 | 953,664 | 2% |
| Materials and Contracts | 7 | 50,148,780 | 30,637,907 | 28,125,519 | 2,512,388 | 8% |
| Utilities (gas, electricity, water etc.) | 8 | 6,073,043 | 3,947,649 | 3,742,351 | 205,298 | 5% |
| Depreciation & Amortisation of Non-Current Assets | 9 | 27,398,575 | 18,292,881 | 17,963,842 | 329,039 | 2% |
| Loss on Asset Disposals | | 1,367,973 | 133,621 | 132,887 | 734 | 1% |
| Interest Expenses | | 486,686 | 277,255 | 275,852 | 1,403 | 1% |
| Insurance Expenses | | 1,595,587 | 1,592,195 | 1,595,024 | (2,829) | (0)% |
| Total Operating Expenses | | 145,389,127 | 94,298,361 | 90,298,664 | 3,999,697 | 4% |
| (SURPLUS)/DEFICIT FROM OPERATIONS | | 8,386,356 | (34,223,691) | (38,975,905) | 4,752,214 | 14% |
| OPERATING NON-CASH ADJUSTMENTS | | | | | | |
| Depreciation & Amortisation of Non Current Assets | | (27,398,575) | (18,292,881) | (17,963,842) | (329,039) | (2)% |
| Loss on Asset Disposal | | (1,367,973) | (133,621) | (132,887) | (734) | (1)% |
| Profit on Asset Disposals | | 1,683,375 | 1,296,009 | 2,218,671 | (922,662) | (71)% |
| Other Non-Current items | | | | | | |
| Movement in Non-current Assets | | - | - | 19,527 | (19,527) | 100% |
| Movement in Non-current Provisions | 10 | (120,000) | (120,000) | 106,872 | (226,872) | (189)% |
| OPERATING CASH (SURPLUS)/DEFICIT | | (18,816,817) | (51,474,184) | (54,727,565) | 3,253,381 | 6% |
| NON-OPERATING REVENUE | | | | | | |
| Capital Grants and Subsidies | 11 | (8,467,949) | (6,352,942) | (5,753,165) | (599,777) | (9)% |
| 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) | (9,002,351) | (8,402,574) | (599,777) | (7)% |
| CAPITAL EXPENDITURE | | | | | | |
| Capital Projects | 12 | 4,566,541 | 2,456,457 | 1,786,592 | 669,865 | 27% |
| Capital Works | 13 | 39,552,145 | 18,128,141 | 15,654,132 | 2,474,009 | 14% |
| Motor Vehicle Replacements | | 2,312,496 | 437,496 | 417,036 | 20,460 | 5% |
| Loan Repayment Principal | | 1,573,339 | 813,451 | 813,451 | - | 0% |
| Equity Investments | | 42,135 | - | - | - | 0% |
| Total Capital Expenditure | | 48,046,656 | 21,835,546 | 18,671,211 | 3,164,335 | 14% |
| CAPITAL (SURPLUS)/DEFICIT | | 33,570,964 | 12,833,195 | 10,268,637 | 2,564,558 | 20% |
| (SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL | | 14,754,147 | (38,640,989) | (44,458,927) | 5,817,939 | 15% |
| FUNDING | | | | | | |
| Proceeds from Disposal | | (3,892,150) | (284,021) | (275,999) | (8,022) | (3)% |
| 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 | 14 | - | (39,990,456) | (45,800,373) | 5,809,917 | 100% |



Investment Summary

CITY OF JOONDALUP
February-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 | 3.60% | 3.65% | 11,900,000 | 10.34% | 10% |
| A- | A-2 | Bendigo Bank Term Deposit | 3.50% | 3.60% | 10,740,000 | 9.33% | 10% |
| A- | A-2 | ING Australia Term Deposit | 3.58% | 3.66% | 10,400,000 | 9.04% | 10% |
| AA- | A-1+ | NAB Term Deposit | 3.59% | 3.63% | 29,000,000 | 25.19% | 25% |
| A- | A-2 | Rural Bank Term Deposit | 3.56% | 3.63% | 13,800,000 | 11.99% | 10% |
| A+ | A-1 | Suncorp Term Deposit | 3.50% | 3.52% | 16,670,000 | 14.48% | 15% |
| AA- | A-1+ | Westpac Term Deposit | 3.64% | 3.65% | 19,400,000 | 16.85% | 25% |
| AA+ | A-1+ | 11AM WA Treasury Corporation | 2.22% | 2.42% | 3,193,000 | 2.77% | 25% |

Total Investment Portfolio

3.54%

3.60%

115,103,000

100.00%

Municipal Funds

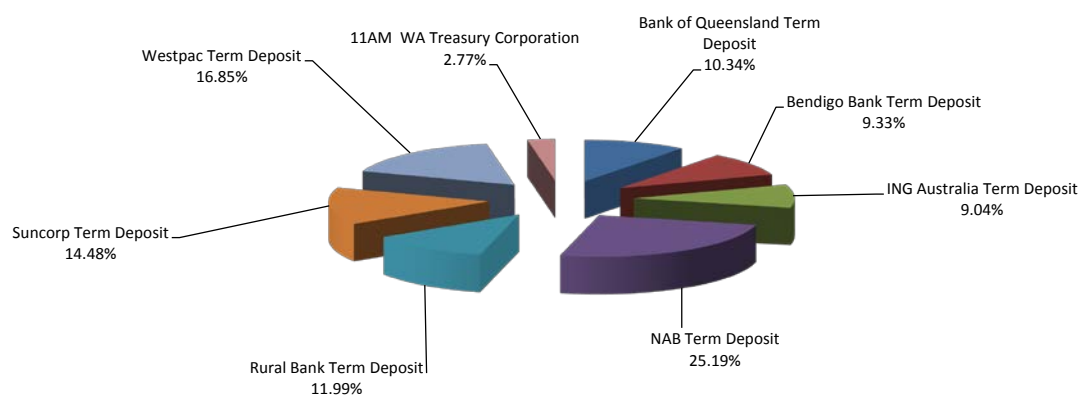
70,435,505

Reserve Funds

44,667,495

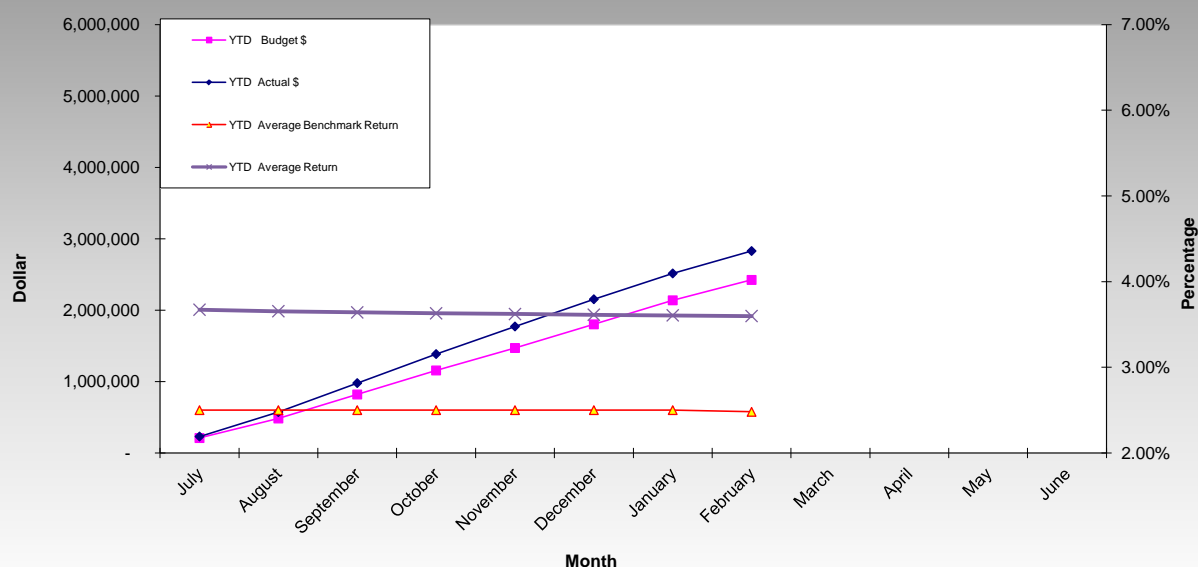
115,103,000

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% |
| 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% |

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 28 FEBRUARY 2015

1. Rates

The variance is due a few successful appeals against earlier valuations resulting in partial refunds of rates previously levied.

2 Profit on Asset Disposals

This variance is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels \$921,940 which were not included in the budget.

3 Fees and Charges

| | YTD Revised Budget | YTD Actual | Variance |
|----------------------------------|-----------------------|---------------------|--------------------|
| a) Licenses and Registrations | \$667,424 | \$701,833 | \$34,409 |
| b) Sports and Recreation Fees | \$5,566,627 | \$5,248,768 | (\$317,859) |
| c) Fines and Penalties | \$865,550 | \$899,860 | \$34,310 |
| d) Building and Development Fees | \$1,476,941 | \$1,418,146 | (\$58,795) |
| e) Parking Fees | \$1,401,733 | \$1,426,983 | \$25,250 |
| f) Hire and Rentals | \$459,233 | \$536,610 | \$77,377 |
| g) Refuse Charges | \$20,023,218 | \$20,056,680 | \$33,462 |
| Other variances | \$2,434,277 | \$2,450,779 | \$16,502 |
| | <u>\$32,895,003</u> | <u>\$32,739,659</u> | <u>(\$155,344)</u> |

- a) Higher than budgeted income arose for Dog Registration Fees \$19,576 and Food Business Administration Fees \$15,629.
- b) Leisure Centre net revenue is (\$338,121) below budget mainly due to unfavourable variances for Admission Fees (\$117,936), Membership Fees (\$32,829) and Term Programme Activities (\$27,673) in addition to an unfavourable timing variance for the Learn to Swim program (\$171,318). This is partly offset by a favourable variance of \$28,532 for the Hire of City Facilities.
- c) The volume of Parking Infringements issued was higher than estimated in the budget resulting in a favourable variance of \$59,981. This is partly offset by unfavourable variances for Suburban Parking (\$14,839) and Poundage Fees (\$10,761).
- d) Unfavourable variances arose for Development Application fees (\$82,670) and Building Licenses (\$18,769) due to lower activity than forecast. These are partly offset by a favourable variance of \$40,521 for Other Building and Development charges.
- e) Higher than budgeted revenue arose for Off-street Parking fees \$33,591 and Private Property Agreements \$7,204, partly offset by lower than forecast On-street Parking fees of (\$15,544).
- f) This includes a favourable timing variance of \$74,453 for Property Rental income.



- 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 \$37,005 mainly due to the volume of investment funds being higher than budgeted. In addition higher interest of \$20,215 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 \$11,047, Rebates Received \$5,229 and Adshell Advertising revenue \$2,998.

6. **Employee Costs**

| | YTD Revised Budget | YTD Actual | Variance |
|---------------------------|-----------------------|---------------------|------------------|
| a) Salaries and Wages | \$36,933,651 | \$35,976,000 | \$957,651 |
| b) Other Employment Costs | \$2,483,202 | \$2,487,189 | (\$3,987) |
| | <u>\$39,416,853</u> | <u>\$38,463,189</u> | <u>\$953,664</u> |

- a) A favourable variance of \$710,801 arose mainly due to vacant positions across the City. This is in addition to the favourable adjustment of \$246,850 in the Provision for Employee Entitlements.
- b) This includes favourable variances for Staff Training \$78,210, Capital Labour Recoveries \$14,268 and Study Assistance \$21,542 which are offset by an unfavourable variance for Agency Employees (\$127,375) mainly used to cover staff vacancies.



7. Materials and Contracts

| | YTD Revised Budget | YTD Actual | Variance |
|---|-----------------------|---------------------|--------------------|
| a) External Service Expenses | \$13,055,377 | \$12,296,930 | \$758,447 |
| b) Professional Fees and Costs | \$1,293,300 | \$1,141,690 | \$151,610 |
| c) Materials | \$1,172,326 | \$1,023,463 | \$148,863 |
| d) Administration | \$693,262 | \$651,453 | \$41,809 |
| e) Waste Management Services | \$6,446,726 | \$5,517,912 | \$928,814 |
| f) Computing | \$1,135,881 | \$976,571 | \$159,310 |
| g) Public Relations, Advertising and Promotion | \$683,039 | \$567,627 | \$115,412 |
| h) Charges and Recoveries | (\$213,465) | (\$260,986) | \$47,521 |
| i) Accommodation and Property | \$1,170,069 | \$1,141,315 | \$28,754 |
| j) Telephone and Communications | \$441,534 | \$405,869 | \$35,665 |
| Other Materials and Contracts | \$4,759,858 | \$4,663,675 | \$96,183 |
| | <u>\$30,637,907</u> | <u>\$28,125,519</u> | <u>\$2,512,388</u> |

- a) This favourable variance is driven primarily by lower expenditure of \$765,895 for External Contractors and Services, mainly comprising timing variances. This includes Parks \$372,976, Building maintenance \$251,645, Landscaping and Conservation \$34,867, Engineering maintenance \$54,056 and Graffiti Removal \$40,267. This variance also includes Domestic and Bulk Tipping Fees that are (\$87,257) higher than budget. In addition, a favourable timing variance arose for Economic, Environmental and Community Development Program Activities \$56,535. The remainder of the variance is spread across several areas.
- b) Favourable variances arose for Consultancy expenditure \$77,312, mainly due to the rescheduling of projects, Fines Enforcement Lodgement Fees \$23,300, Innovation Precinct \$25,000, Legal Expenses Recoverable \$17,821 and Licence Fees \$11,202. These are partly offset by an unfavourable variance of (\$13,644) for Other Legal Expenses. 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 \$173,398. This is partly offset by an unfavourable timing variance for material for Building Minor Works (\$20,534).
- d) This favourable variance includes \$30,141 for Printing and \$12,102 for Photography and Video Production mainly due to the timing of various festivals and events in 2015. In addition, a favourable variance arose for Stationery \$12,340 offset by unfavourable timing variances for Corporate Membership Expenses (\$7,221) and Conferences (\$6,302).
- e) The variance is mainly due to Recycling Processing costs at the Materials Recovery Facility which are \$604,288 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 \$223,462, Domestic \$46,909, Recycling \$30,620 and Weekend Greens \$23,535.



- f) Favourable variances arose for Computer Software Licences \$51,958, Computer Software Maintenance \$72,814 and Data Communication Links \$24,582 predominantly due to invoices that are yet to be received.
- g) This comprises favourable variances arising mainly from the timing of various events, including Advertising – General \$25,138, Promotions \$27,560, Signage \$23,810 and Bar Stocks \$18,241 which are spread across a number of areas.
- h) Favourable variances arose for Capital Overhead Recoveries \$26,698 and Fleet and Plant recovery from capital jobs of \$20,823.
- i) A favourable variance of \$62,167 arose for Rental and Outgoings mainly due to the timing of rental invoices for the Works Operation Centre that are yet to be processed. This is partly offset by an unfavourable variance for Refuse Removal charges (\$33,368) that are over budget predominantly due to higher volumes of waste collected from the City's Works Operation Centre.
- j) This includes favourable timing variances for Office Telephones \$22,802, Postage \$10,010 and Mobile Phones \$4,379. The remainder of the variance is spread across a number of areas.

8. Utilities

Electricity costs are \$199,528 below budget. This includes a favourable variance of \$228,346 for Street Lighting predominantly due to the removal of the Carbon Tax partly offset by an unfavourable variance of (\$54,745) for Parks. Favourable variances also arose for gas \$5,451 and water \$320.

9 Depreciation and Amortisation of Non-Current Assets

This favourable variance includes \$351,975 for Computer and Communications Hardware of which \$330,707 has arisen from a review of depreciation calculations. This is offset by additional depreciation for newly acquired 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 | \$3,902,183 | \$3,409,172 | (\$493,011) |
| b) Black Spot | \$148,724 | \$97,426 | (\$51,298) |
| c) Parks Equipment program | \$82,413 | \$26,946 | (\$55,467) |
| Other Grants | \$2,219,622 | \$2,219,621 | (\$1) |
| | <u>\$6,352,942</u> | <u>\$5,753,165</u> | <u>(\$599,777)</u> |



- a) This includes unfavourable timing variances for the Roads to Recovery grant (\$336,859) and the second 40 % payment of the Metropolitan Regional Road Grant (\$306,209) that are expected to be received in the following month. These are partly offset by a favourable variance in respect of the Federal Local Road Grant \$150,057, the phasing of 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 which are awaiting final documentation from Main Roads WA contractors and Marmion Avenue and Warwick Road (\$4,254) as well as Hepburn Avenue and Gibson Avenue (\$25,181) which are awaiting final invoices. Final acquittals for all four projects are forecast to be lodged in March 2015.
- 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 | \$831,956 | \$597,363 | \$234,593 |
| b) Joondalup Performing Arts & Cultural Facility (JPACF) | \$359,991 | \$48,127 | \$311,864 |
| c) Public Art | \$124,340 | \$30,340 | \$94,000 |
| d) Information Technology Projects | \$688,254 | \$635,567 | \$52,687 |
| Other Projects | \$451,916 | \$475,195 | (\$23,279) |
| | <u>\$2,456,457</u> | <u>\$1,786,592</u> | <u>\$669,865</u> |

- a) Tasks associated with the preparation of the Public Environmental Review, Metropolitan Region Scheme Amendment and Local Structure Plan continued throughout the period. In addition, preparation for the first design review workshop has commenced. The year to date variance reflects timing differences.
- b) Work has commenced on the grant application process for the Federal Government's National Stronger Regions Fund. Outcomes of ongoing assessments will determine further expenditure in the coming months.
- c) This favourable variance arose for the Public Art water feature in Central Walk as progress payments are behind budget phasing.
- d) This is mainly due to a favourable timing variance for the Infrastructure Asset Management System implementation project \$45,351, this is progressing behind budget.



13. Capital Works

| | YTD Revised Budget | YTD Actual | Variance |
|---|--------------------------|---------------------|--------------------|
| a) Road Preservation / Resurfacing Program | \$4,554,171 | \$3,710,075 | \$844,096 |
| b) Stormwater Drainage Program | \$390,728 | \$332,941 | \$57,787 |
| c) Foreshore & Natural Areas management Program | \$229,983 | \$145,437 | \$84,546 |
| d) Parks Development Program | \$754,248 | \$654,368 | \$99,880 |
| e) Major Projects Program | \$6,824,629 | \$6,030,873 | \$793,756 |
| f) Major Building Capital Works Program | \$980,596 | \$828,919 | \$151,677 |
| g) Street Lighting Program | \$365,644 | \$225,019 | \$140,625 |
| h) Parks Equipment Program | \$1,345,240 | \$1,191,317 | \$153,923 |
| i) Paths Program | \$532,923 | \$427,630 | \$105,293 |
| Other Works variances - not material | \$2,149,979 | \$2,107,553 | \$42,426 |
| | <u>\$18,128,141</u> | <u>\$15,654,132</u> | <u>\$2,474,009</u> |

- a) This favourable timing variance includes West Coast Drive \$111,294 that is now due to commence in March 2015. In addition, variances arose on resurfacing of Eddystone Avenue - Craigie Drive to Perilya Road \$199,126, Lymburner Drive – Waterford Drive to Sun Court \$112,267 which are progressing. A number of projects across the program are complete and awaiting final invoices, including Wayfarer Road \$60,843 and Flinders Avenue – Waterford Drive to Mawson Crescent \$52,900. The balance of the variance is spread across a number of projects within the program which is 58% complete with commitments outstanding totalling \$1,587,019.
- b) This timing variance arose across a number of projects which have now commenced. The program is 53% complete; however, some projects have been rescheduled due to contractor availability.
- c) This includes favourable timing variances for the Wetlands Renewal Program \$42,155, Coastal & Foreshore Fencing Renewal Program \$22,335 and the Bushland Reserve Renewal Fencing Program \$17,725 that are progressing behind schedule due to external contractor availability.
- d) This includes favourable timing variances for Broadbeach / Flinders Park Upgrades \$41,984 which is in progress, as well as Windermere Park \$30,000 and Elcar Park \$34,500 Irrigation Upgrades that are complete awaiting final invoices.
- e) This favourable timing variance includes \$669,022 for the Multi Storey Car Park and \$83,987 for the Marmion Foreshore Car Park which is still in the design stage.
- f) Favourable variances arose across a number of projects in the Building Capital Works Program which are at various stages of progress; 53% of the program is complete with outstanding commitments totalling \$166,758 across the Program



- g) Favourable variances arose for Joondalup City Centre Lighting \$95,943 which has been referred to a consultant for review and design and Warrigal Park to Karrajong Park new lighting \$40,000 which is in the quotation phase.
- h) Favourable variances arose for Central Park – Boardwalk replacement \$78,924 which is experiencing supply delays and is now forecast for installation in April, as well as Seacrest Park Floodlighting \$95,394 and the Floodlight and Pole Replacement Program \$92,465 which are progressing behind budget phasing. These are offset by an unfavourable timing variance of (\$98,181) for Broadbeach Park New playground equipment which is being aligned with the construction works under the Parks Development Program.
- i) The favourable variance is mainly due to Trailwood Drive principal shared path \$150,807, for which work done by Main Roads Contractors needs to be completed first. Construction of the path is forecast to commence in March. This is offset by unfavourable timing variances for Bonneville Way (\$16,000) and Yellagonga Trail Path Link – Walkability Plan (\$11,013) which are complete earlier than budget estimates.



14. Closing Funds

| | June 2014 | February 2015 |
|--|---------------------|---------------------|
| Current Assets | | |
| Cash Assets | \$72,069,086 | \$115,196,625 |
| Rates and Sundry Debtors | \$2,318,645 | \$6,950,371 |
| GST Receivable | \$1,057,569 | \$588,710 |
| Accrued Income | \$1,584,009 | \$1,933,857 |
| Advances and Prepayments | \$65,644 | \$558,609 |
| | \$77,094,953 | \$125,228,172 |
| Less: Current Liabilities | | |
| Creditors | (\$3,504,939) | (\$5,521,195) |
| Sundry Payables | (\$473,280) | (\$4,335,448) |
| Provisions - Annual Leave | (\$3,993,937) | (\$3,859,209) |
| Provisions - Other | (\$7,759,035) | (\$8,719,142) |
| Accrued Expenses | (\$4,458,775) | (\$2,953,251) |
| Income in Advance | (\$1,709,829) | (\$57,750) |
| Borrowings | (\$1,399,466) | (\$586,015) |
| GST Payable | (\$257,662) | (\$109,755) |
| | (\$23,556,923) | (\$26,141,765) |
| Net Current Assets | \$53,538,030 | \$99,086,407 |
| Add: Borrowings | \$1,399,466 | \$586,015 |
| Less: Reserve Accounts | (\$53,872,049) | (\$53,872,049) |
| Closing Funds – Surplus/(Deficit) | \$1,065,447 | \$45,800,373 |