



# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 October 2014

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(86,062,005)	(85,867,005)	(86,204,396)	337,391	0%
Specified Area Rates		(404,333)	(404,333)	(416,610)	12,277	3%
Grants and Subsidies	2	(4,095,510)	(954,640)	(1,027,709)	73,069	8%
Contributions Reimbursements and Donations	3	(1,477,802)	(598,803)	(696,685)	97,882	16%
Profit on Asset Disposals	4	(431,228)	(15,826)	(177,615)	161,789	1022%
Fees and Charges		(39,103,040)	(27,248,044)	(27,251,280)	3,236	0%
Interest Earnings	5	(4,027,651)	(1,663,575)	(1,927,316)	263,741	16%
Other Revenue/Income	6	(123,000)	(47,500)	(229,921)	182,421	384%
<b>Total Operating Revenue</b>		<b>(135,724,569)</b>	<b>(116,799,727)</b>	<b>(117,931,532)</b>	<b>1,131,805</b>	<b>1%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs		58,065,565	21,061,060	21,000,853	60,207	0%
Materials and Contracts	7	50,669,374	17,218,117	14,384,763	2,833,354	16%
Utilities (gas, electricity, water etc.)	8	6,165,121	2,084,094	1,836,781	247,313	12%
Depreciation & Amortisation of Non-Current Assets	9	19,331,487	6,471,684	9,222,370	(2,750,686)	(43)%
Loss on Asset Disposals		1,275,392	63,464	78,918	(15,454)	(24)%
Interest Expenses		616,230	144,147	143,224	923	1%
Insurance Expenses		1,639,249	1,628,752	1,590,347	38,405	2%
<b>Total Operating Expenses</b>		<b>137,762,419</b>	<b>48,671,318</b>	<b>48,257,256</b>	<b>414,062</b>	<b>1%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>2,037,850</b>	<b>(68,128,409)</b>	<b>(69,674,276)</b>	<b>1,545,867</b>	<b>2%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(19,331,487)	(6,471,684)	(9,222,370)	2,750,686	43%
Loss on Asset Disposal		(1,275,392)	(63,464)	(78,918)	15,454	24%
Profit on Asset Disposals		431,228	15,826	177,615	(161,789)	(1022)%
Other Non-Current items		-	-	1,247	(1,247)	100%
Movement in Non-current Assets		-	-	1,247	(1,247)	100%
Movement in Non-current Provisions	10	(120,000)	(120,000)	(15,607)	(104,393)	(87)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(18,257,801)</b>	<b>(74,767,731)</b>	<b>(78,812,310)</b>	<b>4,044,579</b>	<b>5%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	11	(9,277,327)	(3,804,262)	(3,960,125)	155,863	4%
Capital Contributions	12	-	-	(172,585)	172,585	100%
Equity Distribution - TPRC		(2,500,000)	-	-	-	-
Acquired Infrastructure Assets		(500,000)	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(12,277,327)</b>	<b>(3,804,262)</b>	<b>(4,132,710)</b>	<b>328,448</b>	<b>9%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	13	5,338,865	1,612,805	797,306	815,499	51%
Capital Works	14	44,446,548	11,250,918	6,832,036	4,418,882	39%
Motor Vehicle Replacements	15	2,295,686	-	124,426	(124,426)	(100)%
Loan Repayment Principal		1,804,454	369,276	369,276	-	0%
Equity Investments		42,135	-	-	-	0%
<b>Total Capital Expenditure</b>		<b>53,927,688</b>	<b>13,232,999</b>	<b>8,123,044</b>	<b>5,109,955</b>	<b>39%</b>
TPRC Development Costs	16	-	-	395,657	(395,657)	(100)%
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>41,650,361</b>	<b>9,428,737</b>	<b>4,385,992</b>	<b>5,042,746</b>	<b>53%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>23,392,560</b>	<b>(65,338,993)</b>	<b>(74,426,318)</b>	<b>9,087,325</b>	<b>14%</b>
<b>FUNDING</b>						
Proceeds from Disposal	17	(3,890,150)	(180,467)	(352,656)	172,189	95%
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%
<b>CLOSING FUNDS</b>	18	<b>(37,106)</b>	<b>(65,665,934)</b>	<b>(75,844,421)</b>	<b>10,178,487</b>	<b>100%</b>

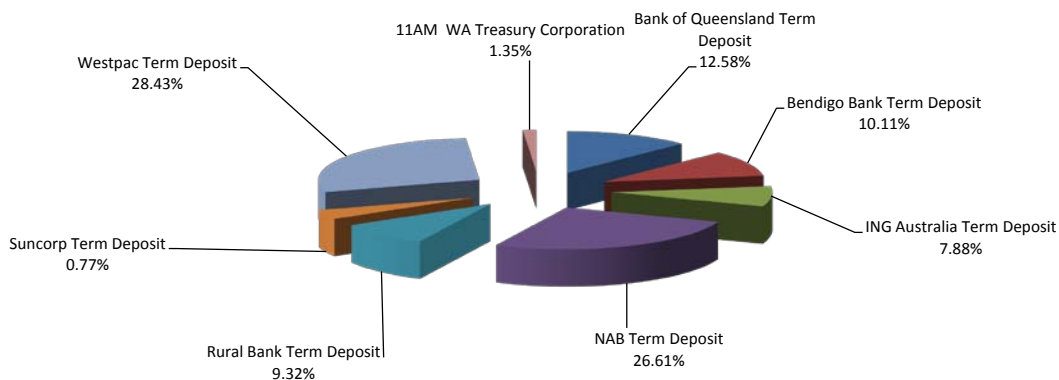


# Investment Summary

**CITY OF JOONDALUP**  
October-14

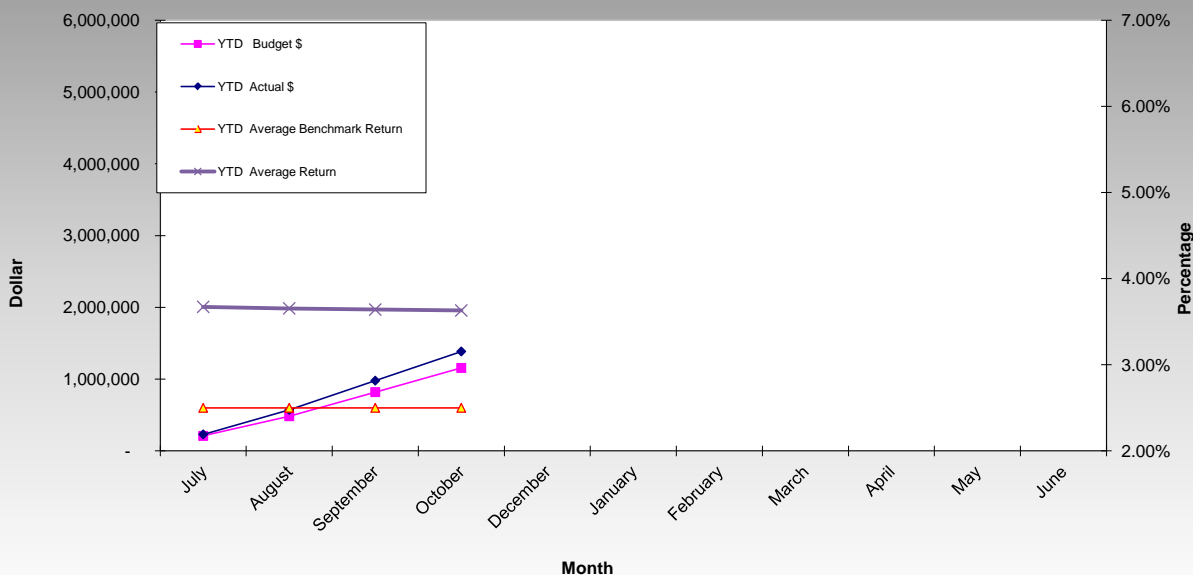
Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A-	A-2	Bank of Queensland Term Deposit	3.64%	3.69%	16,600,000	12.58%	10%
A-	A-2	Bendigo Bank Term Deposit	3.58%	3.64%	13,340,000	10.11%	10%
A-	A-2	ING Australia Term Deposit	3.67%	3.71%	10,400,000	7.88%	10%
AA-	A-1+	NAB Term Deposit	3.62%	3.65%	35,100,000	26.61%	25%
A-	A-2	Rural Bank Term Deposit	3.60%	3.72%	12,300,000	9.32%	10%
A+	A-1	Suncorp Term Deposit	3.56%	3.58%	4,900,000	3.71%	15%
AA-	A-1+	Westpac Term Deposit	3.65%	3.65%	37,500,000	28.43%	25%
AA+	A-1+	11AM WA Treasury Corporation	2.45%	2.45%	1,778,000	1.35%	25%
<b>Total Investment Portfolio</b>			<b>3.60%</b>	<b>3.63%</b>	<b>131,918,000</b>	<b>100.00%</b>	
<b>Municipal Funds</b>					82,473,184		
<b>Reserve Funds</b>					49,444,816		
					<b>131,918,000</b>		

## 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%

## Return on Investments





**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDED ON 31 OCTOBER 2014**

**1. Rates**

Interim Rate revenue issued to date is \$325,975 higher than budget estimates due mainly to additional income from newly developed properties.

**2. Operating Grants and Subsidies**

The favourable variance is mainly due to Financial Counselling grants \$72,608 received earlier than estimated including the \$45,000 emergency relief grant from Lotterywest.

**3. Contributions, Reimbursements and Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Sale of Recyclables	\$388,765	\$333,661	(\$55,104)
b) Contributions	\$8,353	\$60,592	\$52,239
c) Sponsorships	\$30,850	\$51,400	\$20,550
d) Other Reimbursements	\$170,835	\$251,032	\$80,197
	<u>\$598,803</u>	<u>\$696,685</u>	<u>\$97,882</u>

- a) The volume of recyclable sales has been accrued based on August actual sales as no invoices have been received yet for September and October; this estimate is lower than budget.
- b) This variance includes an unbudgeted contribution of \$48,712 received from the Department of Education for additional parking embayments near Hillarys Primary School that were constructed in 2013-14.
- c) Sponsorship revenue for various events has been received ahead of budget estimates.
- d) Unbudgeted reimbursements were received from Main Roads for fencing at Carnaby Reserve \$27,462 which is fully offset by unbudgeted External Contractor expenditure, and also for the Main Roads share of the 2013-14 maintenance costs for Marmion Avenue Median \$23,148 which was budgeted to be received in the previous financial year. In addition, fuel tax credits and vehicle license and insurance reimbursements are \$17,138 higher than budget. The balance of the variance is spread across a number of areas.

**4. Profit on Asset Disposals**

This variance is predominantly due to gains on the disposal of Tamala Park Regional Council (TPRC) land parcels \$177,615 which were not included in the budget. This is partially offset by a timing difference (\$15,826) on the disposal of Fleet and Plant assets.



## 5. Interest Earnings

Interest earned on investments exceeded budget by \$263,741 mainly due to the volume of funds under investment being higher than budgeted.

## 6. 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 \$2,703.

## 7. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) External Service Expenses	\$7,326,567	\$5,587,210	\$1,739,357
b) Professional Fees and Costs	\$913,548	\$646,192	\$267,356
c) Materials	\$717,573	\$470,049	\$247,524
d) Administration	\$403,618	\$301,571	\$102,047
e) Waste Management Services	\$3,498,734	\$3,275,478	\$223,256
f) Computing	\$916,421	\$653,894	\$262,527
g) Public Relations, Advertising and Promotion	\$294,294	\$213,679	\$80,615
h) Contributions and Donations	\$615,329	\$538,650	\$76,679
Other Materials and Contracts	\$2,532,033	\$2,698,040	(\$166,007)
	<u>\$17,218,117</u>	<u>\$14,384,763</u>	<u>\$2,833,354</u>

- a) This favourable variance is driven primarily by lower expenditure \$1,129,331 for External Contractors and Services, mainly comprising timing variances including Parks \$687,222, Engineering Maintenance \$141,153, Landscaping and Conservation \$156,714 and Graffiti Removal \$45,207. The variance also includes Domestic and Bulk Tipping Fees which are \$566,911 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 Environmental and Community Development Program Activities of \$36,723. The remainder of the variance is distributed across several areas.
- b) Consultancy expenditure is \$287,940 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 \$21,601 and Licence Fees \$10,585. These are offset by unfavourable variances of (\$27,394) for Landgate Valuation Fees due to the Triennial Revaluation fees being higher than estimated in the budget and higher legal Expenses of (\$29,327). 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 \$186,867, Materials used by the City on building maintenance \$33,934 and material for Building Minor Works \$24,678.
- d) This favourable timing variance includes printing \$33,937, Stationery \$18,540, Other Sundry Admin Expenses \$19,761 as well as Corporate Memberships \$13,962 that



the City has not yet been invoiced for. The remainder of the variance comprises minor amounts across different areas.

- e) The variance in Waste Management Services is mainly due to Recycling and Bulk Collection costs being \$240,838 and \$66,397 respectively below budget. These are offset by a combined unfavourable variance (\$83,978) for other waste collection expenses.
- f) This is mainly due to favourable timing variances for Computer Software Licences \$122,953, Computer Software Maintenance \$94,480 and Data Communication Links \$37,142. The remainder comprises minor variances in a number of areas.
- g) This includes favourable timing variance for Promotions \$46,942 and Advertising – General \$14,523. The balance of the variance is spread across several accounts.
- h) The variance is primarily due to phasing of expenditure on Sponsorships \$55,675 and Emergency Relief Payments \$16,860.

### **8. Utilities**

This favourable variance includes electricity costs \$220,098, of which \$150,944 relates to Street Lighting and the balance 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 \$25,027 and gas \$2,188.

### **9. Depreciation and Amortisation of Non-Current Assets**

Infrastructure Assets depreciation is (\$2,623,315) 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 (\$127,372). 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	\$1,848,262	\$1,657,991	(\$190,271)
b) Major Road Construction	\$1,880,000	\$2,173,333	\$293,333
c) Other Grants	\$76,000	\$128,801	\$52,801
	<u>\$3,804,262</u>	<u>\$3,960,125</u>	<u>\$155,863</u>

- a) This is predominantly due to an unfavourable timing variance of (\$245,858) for the Roads to Recovery grant which is expected to be received in November, and the Federal Local Road Grants (\$37,230) less than estimated, which are offset by \$74,117 received for the 2013-14 Metropolitan Regional Road Grants program which



was expected in the previous financial year and Direct Road grants \$18,700 more than estimated.

- 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) The City received \$28,750 from the Department of Education for additional parking at Woodvale Senior High School and a Lottery West grant of \$17,539 for the construction of a dual use path at Hepburn Heights Reserve which were both 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, an unbudgeted contribution of \$5,000 was received from Centra Currambine for trees installed by the City along the public access way.

## 13. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$545,500	\$213,980	\$331,520
b) Joondalup Performing Arts & Cultural Facility (JPACF)	\$301,831	\$18,580	\$283,251
c) Water Playground Pebble Flex	\$80,000	\$34,145	\$45,855
d) Cafes, Kiosks and Restaurants	\$71,500	\$24,363	\$47,137
e) Information Technology Projects	\$406,724	\$271,784	\$134,940
Other Projects	\$207,250	\$234,454	(\$27,204)
	<u>\$1,612,805</u>	<u>\$797,306</u>	<u>\$815,499</u>

- a) Meetings with consultants regarding the Public Environmental Review, Metropolitan Region Scheme Amendment, Local Structure Plan and Local Water Management Strategy are ongoing. 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 have commenced a review of the conceptual design and feasibility study.
- c) Work on the upgrade of the water playground surface is forecast to be completed in November.
- d) Further expenditure on this project is subject to consideration by Council of the outcome of the Expression of Interest process.





- e) This is predominantly due to favourable timing variances of \$131,029 on the Network Infrastructure Upgrade and IT Disaster Recovery Facilities projects.

#### 14. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$2,413,634	\$1,810,060	\$603,574
b) Parks Equipment Program	\$570,815	\$462,323	\$108,492
c) Stormwater Drainage Program	\$330,000	\$196,534	\$133,466
d) Streetscape Enhancement Program	\$427,500	\$324,981	\$102,519
e) Traffic Management Program	\$670,580	\$895,042	(\$224,462)
f) Major Projects Program	\$5,347,500	\$2,042,411	\$3,305,089
g) Major Building Capital Works Program	\$457,833	\$210,280	\$247,553
h) Street Lighting Program	\$219,000	\$89,949	\$129,051
Other Works variances - not material	\$814,056	\$800,456	\$13,600
	<u>\$11,250,918</u>	<u>\$6,832,036</u>	<u>\$4,418,882</u>

- a) The Road Preservation Program's favourable timing variance of \$603,574 includes West Coast Drive \$232,867 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 \$232,614 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 \$127,166 which is 70% complete.
- b) The Parks Equipment Program shows a favourable variance of \$108,492 spread over a number of projects including the Floodlight and Pole Replacement Program \$44,805, which is undergoing an audit to develop the program, Cricket Infrastructure Renewal \$62,866, and playground equipment installation at both Conidae Park \$56,277 and Hilton Park \$58,600 which are progressing. This is partially offset by unfavourable variances on Park seating renewal and Playground Surrounds Programs which are progressing ahead of phasing, and projects 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 contactor availability, including Sandalwood Drive – St 2 Upgrade \$64,463, Sherington Road – Upgrade Low Point \$60,000 and Ackworth Crescent Low Point Drainage Upgrade \$50,000, 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 \$98,330 which has just commenced.
- e) This unfavourable variance arises mainly from the Ocean Reef Road / Swanson Way (\$220,021) and Whitfords Avenue / Southern Nodes Car park (\$217,967) projects which are funded by monies brought forward from 2013-14. In addition the Local Traffic Management project at Hobson's Gate has exceeded budget by (\$33,513) due to the site remaining open during construction and so requiring



additional traffic management, partly offset by a favourable variance for Barridale Drive \$26,140 which has been completed under budget. The balance of the variance is mainly due to favourable timing differences on several projects, including Oleary Road Traffic Treatment \$49,660, Angove Drive \$59,100 and Joondalup Drive and Shenton Avenue Intersection \$60,000.

- f) This is mainly due to a favourable timing variance of \$2,839,707 for the Multi Storey Car Park on Boas Avenue which is under construction, as well as Ocean Reef Floating Jetties \$297,500 and Penistone Park redevelopment \$119,782.
- g) This favourable variance arose on a number of projects across the Building Capital Works Program which are in various stages of progress with commitments raised totalling \$448,802.
- h) The Street Lighting Program favourable variance of \$129,051 arose across a number of projects including Joondalup City Centre Lighting, \$34,171 which is undergoing investigation, Candlewood Boulevard Lighting \$40,000 and Twickenham Drive and Chelsea Court street lighting \$12,000 which are both complete and awaiting final invoices.

#### **15. Motor Vehicle Replacements**

Unfavourable variances arose of (\$45,686) for a mini excavator which the City purchased earlier than budgeted as well as (\$78,021) for a vehicle which was transferred to the City for use by Wanneroo – Joondalup SES, 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 \$219,370 which are not in the 2014-15 budget (refer note 16) and lower than estimated Fleet and Plant asset disposal proceeds of (\$47,180).



### 18. Closing Funds

	June 2014	October 2014
<b>Current Assets</b>		
Cash Assets	\$72,069,086	\$131,879,261
Rates and Sundry Debtors	\$2,318,645	\$26,505,055
GST Receivable	\$1,057,569	\$846,210
Accrued Income	\$1,584,009	\$1,446,900
Advances and Prepayments	\$65,644	\$540,807
	\$77,094,953	\$161,218,233
<b>Less: Current Liabilities</b>		
Creditors	(\$3,504,939)	(\$683,250)
Sundry Payables	(\$473,280)	(\$13,668,931)
Provisions - Annual Leave	(\$3,993,937)	(\$4,112,611)
Provisions - Other	(\$7,759,035)	(\$8,821,212)
Accrued Expenses	(\$4,458,775)	(\$3,987,842)
Income in Advance	(\$1,709,829)	(\$57,750)
Borrowings	(\$1,399,466)	(\$1,030,190)
GST Payable	(\$257,662)	(\$170,167)
	(\$23,556,923)	(\$32,531,953)
<b>Net Current Assets</b>	<b>\$53,538,030</b>	<b>\$128,686,280</b>
<b>Add:</b> Borrowings	\$1,399,466	\$1,030,190
<b>Less:</b> Reserve Accounts	(\$53,872,049)	(\$53,872,049)
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$1,065,447</b>	<b>\$75,844,421</b>