



City of  
Joondalup

# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 January 2016

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(91,535,076)	(91,525,076)	(91,875,559)	350,483	0%
Specified Area Rates		(408,157)	(408,157)	(414,317)	6,160	2%
Grants and Subsidies	2	(4,230,505)	(1,958,518)	(1,128,008)	(830,510)	(42)%
Contributions Reimbursements and Donations	3	(908,197)	(516,255)	(1,421,061)	904,806	175%
Profit on Asset Disposals	4	(1,041,807)	(1,038,528)	(2,238,503)	1,199,975	116%
Fees and Charges	5	(39,556,828)	(32,356,834)	(31,990,003)	(366,831)	(1)%
Interest Earnings	6	(3,486,332)	(2,436,293)	(2,818,623)	382,330	16%
Other Revenue/Income	7	(160,000)	(127,000)	(365,723)	238,723	188%
<b>Total Operating Revenue</b>		<b>(141,326,902)</b>	<b>(130,366,662)</b>	<b>(132,251,797)</b>	<b>1,885,135</b>	<b>1%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	8	59,888,303	35,640,000	36,103,077	(463,077)	(1)%
Materials and Contracts	9	52,959,486	29,298,790	26,424,892	2,873,898	10%
Utilities (gas, electricity, water etc.)	10	6,276,093	3,652,350	3,472,461	179,889	5%
Depreciation & Amortisation of Non-Current Assets	11	27,123,831	15,979,747	17,294,108	(1,314,361)	(8)%
Loss on Asset Disposals	12	1,560,531	1,381,462	60,505	1,320,957	96%
Interest Expenses		667,100	396,503	388,711	7,792	2%
Insurance Expenses	13	1,623,138	1,621,244	1,517,388	103,856	6%
<b>Total Operating Expenses</b>		<b>150,098,482</b>	<b>87,970,096</b>	<b>85,261,142</b>	<b>2,708,954</b>	<b>3%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>8,771,580</b>	<b>(42,396,565)</b>	<b>(46,990,655)</b>	<b>4,594,090</b>	<b>11%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(27,123,831)	(15,979,747)	(17,294,108)	1,314,361	8%
Loss on Asset Disposal		(1,560,531)	(1,381,462)	(60,505)	(1,320,957)	(96)%
Profit on Asset Disposals		1,041,807	1,038,528	2,238,503	(1,199,975)	116%
Other Non-Current items						
Movement in Non-current Provisions	14	(125,000)	(125,000)	168,501	(293,501)	(235)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(18,995,975)</b>	<b>(58,844,246)</b>	<b>(61,938,264)</b>	<b>3,094,019</b>	<b>5%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies		(12,797,452)	(4,234,931)	(4,190,192)	(44,739)	(1)%
Capital Contributions	15	(912,046)	-	(300,569)	300,569	100%
Equity Distribution - TPRC		(3,333,333)	-	-	-	-
Acquired Infrastructure Assets		-	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(17,042,831)</b>	<b>(4,234,931)</b>	<b>(4,490,761)</b>	<b>255,830</b>	<b>6%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	16	7,199,800	4,240,456	2,592,052	1,648,404	39%
Capital Works	17	39,739,288	18,597,278	19,527,207	(929,929)	(5)%
Vehicle and Plant Replacements	18	2,066,000	582,000	1,034,149	(452,149)	(78)%
Loan Repayment Principal	19	2,191,223	1,282,979	1,117,357	165,622	13%
Equity Investments		44,683	-	-	-	0%
<b>Total Capital Expenditure</b>		<b>51,240,994</b>	<b>24,702,713</b>	<b>24,270,765</b>	<b>431,947</b>	<b>2%</b>
TPRC Development Costs		-	-	-	-	-
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>34,198,163</b>	<b>20,467,782</b>	<b>19,780,004</b>	<b>687,777</b>	<b>3%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>15,202,188</b>	<b>(38,376,464)</b>	<b>(42,158,260)</b>	<b>3,781,796</b>	<b>10%</b>
<b>FUNDING</b>						
Proceeds from Disposal	20	(5,490,375)	(5,206,375)	(2,089,916)	(3,116,459)	(60)%
Loans - New Borrowings	21	(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	22	(989,665)	(989,665)	(3,139,002)	2,149,337	217%
<b>CLOSING FUNDS</b>	23	<b>-</b>	<b>(46,341,504)</b>	<b>(47,387,178)</b>	<b>1,045,674</b>	<b>2%</b>

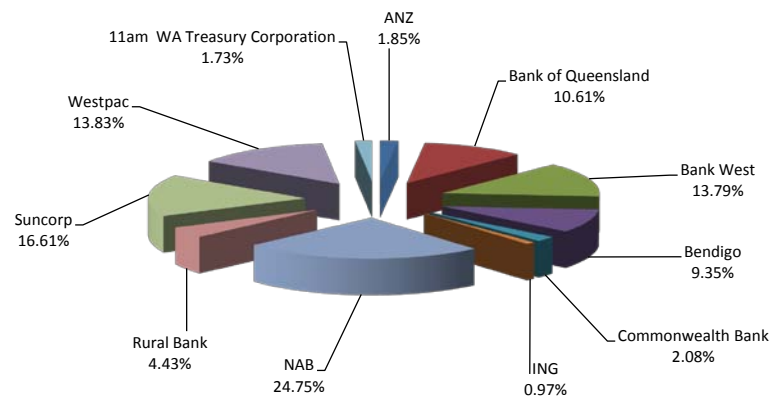


# Investment Summary

**CITY OF JOONDALUP**  
**January-16**

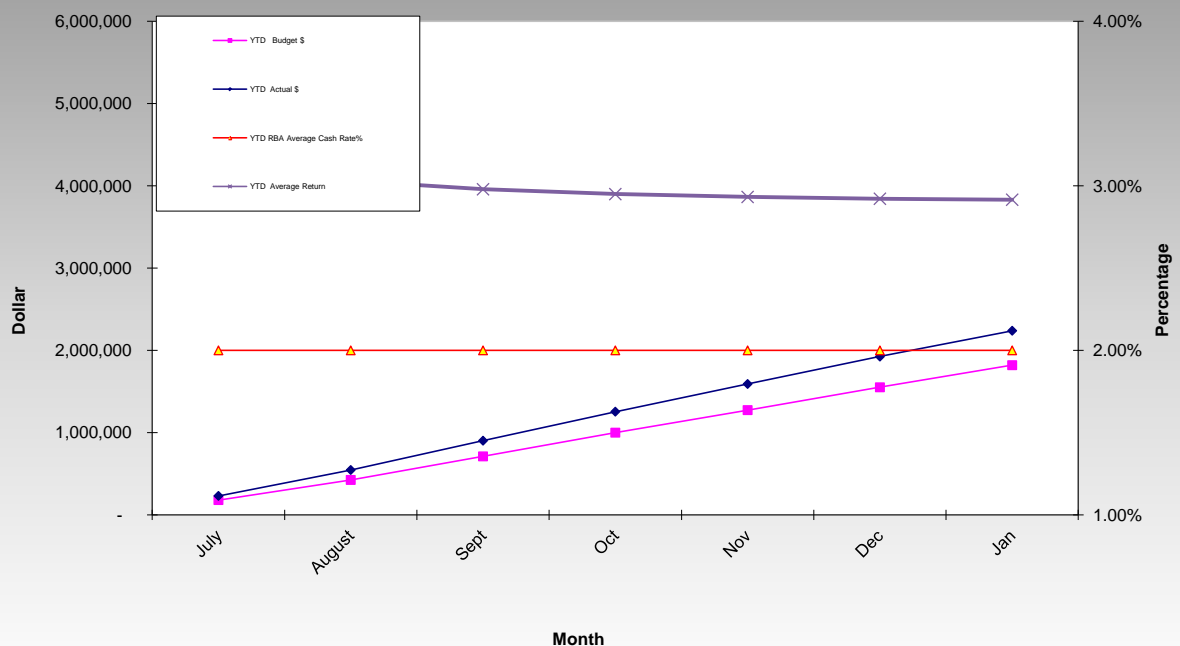
Credit Rating		Investment Account		MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term							
AA-	A-1+	ANZ	Term Deposit	2.82%	2.82%	\$ 2,300,000.00	1.85%	25%
A-	A-2	Bank of Queensland	Term Deposit	2.92%	2.96%	\$ 13,160,000.00	10.61%	10%
AA-	A-1+	Bank West	Term Deposit	2.85%	2.85%	\$ 17,100,000.00	13.79%	25%
A-	A-2	Bendigo	Term Deposit	2.87%	2.96%	\$ 11,600,000.00	9.35%	10%
AA-	A-1+	Commonwealth Bank	Term Deposit	2.96%	2.96%	\$ 2,580,000.00	2.08%	25%
A-	A-2	ING	Term Deposit	2.90%	3.07%	\$ 1,200,000.00	0.97%	10%
AA-	A-1+	NAB	Term Deposit	2.93%	2.97%	\$ 30,700,000.00	24.75%	25%
A-	A-2	Rural Bank	Term Deposit	2.83%	3.04%	\$ 5,500,000.00	4.43%	10%
A+	A-1	Suncorp	Term Deposit	2.92%	2.97%	\$ 20,600,000.00	16.61%	15%
AA-	A-1+	Westpac	Term Deposit	2.89%	2.90%	\$ 17,150,000.00	13.83%	25%
AA+	A-1+	11am WA Treasury Corporation		1.95%	1.96%	\$ 2,143,000.00	1.73%	25%
<b>Total Investment Portfolio</b>				<b>2.88%</b>	<b>2.92%</b>	<b>124,033,000</b>	<b>100.00%</b>	
<b>Municipal Funds</b>						66,384,269		
<b>Reserve Funds</b>						57,648,731		
						<b>124,033,000</b>		

## City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD RBA Average Cash Rate%	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%
Sept	286,117	355,868	711,594	902,285	2.00%	2.98%
Oct	288,306	352,756	999,900	1,255,041	2.00%	2.95%
Nov	273,707	336,254	1,273,607	1,591,295	2.00%	2.93%
Dec	277,278	332,849	1,550,885	1,924,144	2.00%	2.92%
Jan	268,607	314,256	1,819,493	2,238,400	2.00%	2.92%

## Return on Investments





**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR  
THE PERIOD ENDED 31 JANUARY 2016**

**1. Rates**

Increased Revenue is due mainly to additional interim rates from newly developed properties.

**2. Grants and Subsidies**

	YTD Adopted Budget	YTD Actual	Variance
a) Commonwealth Financial Assistance Grant – General Purpose	\$1,768,336	\$825,780	(\$942,556)
b) Other Grants & Subsidies	\$190,182	\$302,228	\$112,046
	<u>\$1,958,518</u>	<u>\$1,128,008</u>	<u>(\$830,510)</u>

a) The General Purpose Financial Assistance Grant received is (\$942,556) 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) The City received grants earlier than budget phasing for Kidsport \$153,350, Clubs in Focus \$50,000 and Joondalup Festival \$4,000. In addition, unbudgeted grants were received from Travelsmart \$1,000, Clubs in Focus \$2,000 and also \$25,629 for Currumbine Youth Space in respect of expenditure which occurred in the prior year. These are partly offset by unfavourable variances of (\$19,558) in respect of the first quarterly payment of the DFES 2015-16 grant which was received in advance in the previous financial year, (\$6,000) timing variance for Music in the Park, (\$8,000) timing variance for Valentine's Day Concert, (\$45,875) for Financial Counselling which will be addressed in the mid year review and (\$45,000) for Lotterywest Emergency Relief Grant which is offset by savings in expenditure.

**3. Contributions, Reimbursements and Donations**

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions	\$22,190	\$10,953	(\$11,237)
b) Sponsorships	\$117,400	\$106,991	(\$10,409)
c) Reimbursements	\$376,665	\$1,303,117	\$926,452
	<u>\$516,255</u>	<u>\$1,421,061</u>	<u>\$904,806</u>

a) Contributions for the maintenance of school ovals were invoiced in the prior financial year but when reviewed in this financial year proved to be overstated. The correction of this error has generated an unfavourable variance of (\$11,558) in addition to a minor unfavourable timing variance of (\$2,065) for school ovals contributions in 2015-16, partly offset by a favourable variance of \$3,325 in respect of unbudgeted contributions for Signage.

b) Sponsorship for the Valentine's Day Concert is \$8,000 greater than budget. This is offset by an unfavourable variance of (\$18,409) in respect of Sponsorship revenue for various events including Joondalup Festival, Joondalup Eisteddfod, Little Feet



Festival and Music in the Park, now expected to be received later than budget estimates.

- c) This favourable variance is mainly due to a Residual Carbon Price refund of \$740,969 which was received from Mindarie Regional Council and a GST refund of \$79,050 in respect of Tamala Park Regional Council land sales from prior years. Additional unbudgeted reimbursements of \$31,972 were received for 2014-15 rates for the Tamala Park Waste Disposal site as a result of the revaluation of the land, Insurance \$50,246 largely comprising insurance claims for both the Warwick Community Centre and Ocean Reef Boat Harbour and \$20,000 to cover costs associated with the Department of the Environment Green Army program. The balance is spread across a number of areas.

#### 4. **Profit on Asset Disposals**

Gains on the disposal of Tamala Park Regional Council (TPRC) land parcels, which were not included in the budget, generated a favourable variance of \$1,487,954. The profit on disposal of Lot 745 Caridean Street, Heathridge exceeded budget by \$61,302 and the disposal of Lot 549 Moolanda Boulevard, Kingsley generated a profit of \$294,051 compared to the estimated loss. In addition, there was a favourable timing variance of \$11,447 for Fleet and Plant disposals, offset by an unfavourable timing variance of (\$654,778) for other surplus land holdings which are now forecast to be sold later than originally estimated.

#### 5. **Fees and Charges**

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$20,398,666	\$20,162,167	(\$236,499)
b) Hire and Rentals	\$483,138	\$544,227	\$61,089
c) Building and Development	\$1,222,000	\$1,147,147	(\$74,853)
d) Sports and Recreation Fees	\$4,943,715	\$4,779,998	(\$163,717)
e) Fines and Penalties	\$782,735	\$963,703	\$180,968
f) Parking Fees	\$1,451,313	\$1,372,916	(\$78,397)
Other Fees and Charges Variances	\$3,075,267	\$3,019,845	(\$55,422)
	<u>\$32,356,834</u>	<u>\$31,990,003</u>	<u>(\$366,831)</u>

- a) There was an unfavourable variance for Domestic Refuse Removal Charges (\$240,441) which is partly offset by a favourable variance of \$3,943 for New/Additional Bin Establishment Fees.
- b) A favourable variance arose for Property Rentals \$64,653 mainly due to budget phasing as well as lease negotiations being finalised and invoices raised only in 2015-16 instead of the prior financial year. This was offset by an unfavourable variance for Other Hire and Rental Charges (\$3,564).
- c) A favourable variance arose for unbudgeted Cash in Lieu of Parking \$130,000 for Hobsons Gate, Currambine. This was offset by unfavourable variances for Building Licences (\$96,185), Development and Application Fees (\$76,627), Land Purchase Enquiries (\$13,086) and Building and Development Charges (\$17,862) due to less activity than forecast.
- d) An unfavourable variance of (\$157,190) arose predominantly due to a change in the direct debit date for Membership Fees that has been addressed in the budget review.



Other unfavourable variances arose for Admission Fees (\$75,069) and Term Program Activities (\$58,006) partly offset by favourable variances of \$24,387 for Hire of Facilities and \$106,999 for the Learn to Swim Program, with enrolments continuing to exceed estimates.

- e) Favourable variances arose for Parking Infringements \$153,694 due to a higher number of infringements issued than estimated and Local Government Act – Costs & Fines \$46,362, predominantly for Building, Planning and Environmental Health non compliance fines, which also exceeded budget. These were offset partly by unfavourable variances across a number of areas including Poundage Fees (\$21,752).
- f) The Multi Storey Car Park opened later than estimated generating an unfavourable variance of (\$82,101). In addition On Street Parking Fees are (\$67,817) lower than budget, offset by favourable variances of \$18,388 for Private Property Annual Fees and \$53,773 for Off Street Parking Fees.

## 6. Interest Earnings

Interest earned on investments exceeded budget by \$419,583 mainly due to the volume of investment funds being higher than budgeted. This is offset by an unfavourable variance for rates instalment options (\$37,253).

## 7. Other Revenue

The City received an unbudgeted insurance rebate of \$204,862 from the Local Government Insurance Scheme (LGIS). There were also favourable variances of \$56,042 arising from Capital Works accruals that were overstated in the prior financial year and \$16,210 for Discounts Received, partly offset by the City's share of Adshell advertising revenue being (\$13,132) lower than budget, which will be reviewed during the mid-year budget review.

## 8. Employee Costs

	YTD Adopted Budget	YTD Actual	Variance
a) Salaries and Wages	\$33,515,369	\$33,304,801	\$210,568
b) Other Employment Costs	\$2,124,632	\$2,798,276	(\$673,644)
	<u>\$35,640,000</u>	<u>\$36,103,077</u>	<u>(\$463,076)</u>

- a) The Provision for Employee Entitlements is (\$204,800) higher than budget and arises from the timing of annual and long service leave taken. This is partly offset by a favourable variance of \$680,982 mainly due to vacant positions across various areas, before taking into account an unfavourable variance (\$265,614) for the new City Rangers service, pending budget reallocation at the budget review.
- b) A favourable variance arose for Capital Labour Recoveries \$119,953. 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, favourable timing variances arose for Staff Training \$106,856 and Staff Recruitment Costs \$18,498. These are offset by an unfavourable variance for Agency Employees (\$937,303) to cover staff vacancies across a number of areas, including Parks (\$336,232), Engineering (\$194,591), Civil Projects Management Services (\$149,101) and Waste Management (\$147,417).



## 9. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) External Service Expenses	\$13,993,410	\$12,652,237	\$1,341,173
b) Professional Fees and Costs	\$1,253,420	\$1,043,501	\$209,919
c) Other Materials	\$1,197,692	\$1,005,771	\$191,921
d) Waste Management	\$4,591,662	\$4,110,187	\$481,475
e) Furniture, Equipment and Artworks	\$1,333,361	\$1,107,552	\$225,809
f) Public Relations, Advertising and Promotions	\$604,275	\$486,908	\$117,367
g) Administration	\$971,127	\$693,625	\$277,502
h) Travel, Vehicles and Plant	\$1,014,183	\$944,267	\$69,916
i) Computing	\$1,159,940	\$1,096,927	\$63,013
Other Materials and Contracts	\$3,179,720	\$3,283,917	(\$104,197)
	<u>\$29,298,790</u>	<u>\$26,424,892</u>	<u>\$2,873,898</u>

- a) External Contractors and Services is \$926,261 below budget. This includes \$276,580 for City Rangers as a result of the City Watch service ceasing, which has been used to fund costs associated with the new City Rangers service, in addition to timing variances across a number of areas including Building Maintenance \$273,760, Landscaping & Conservation Services \$158,867, Parking Services \$57,285, Engineering Maintenance \$67,584 and Waste Management \$76,522. A favourable variance also arose for Bulk and Domestic Tipping Fees \$362,970 due to lower tonnages collected over the summer months compared to budget phasing. The balance is spread across a number of areas.
- b) Favourable variances arose for Consultancy \$140,906, Legal Expenses \$54,711, Lodgement Fees \$38,401, Licence Fees \$15,132 and Research expenses \$10,000 partly offset by unfavourable variances for Recoverable Legal Expenses (\$38,657), Valuation Fees (\$10,818) and Licence Searches (\$7,435).
- c) Favourable timing variances arose for Materials \$159,073, mainly associated with Engineering Maintenance \$102,213 and Parks \$41,601, and Building Minor Works \$30,091.
- d) This favourable variance includes Bulk Collection \$314,338 due to tonnage variations compared to budget estimates, collection and processing of Recyclables \$75,009, Weekend Greens Collection \$56,549 and Domestic Refuse Collection \$42,179.
- e) Favourable timing variances arose for Computer Purchases \$52,053, Computer Maintenance \$23,219, Equipment Purchases \$51,838 and Equipment Maintenance and Repairs \$82,071 predominantly for parking ticket machines. The balance of the variance is spread across a number of areas.
- f) The timing of various events generated favourable variances for Catering \$31,919, Signage/Decals \$26,881, Promotions \$23,508, Entertainment and Hospitality \$12,112, Advertising \$11,467 and Public Relations \$8,659.
- g) This favourable timing variance includes Printing \$68,459, mainly across Rating Services, Marketing, Urban Design and Policy, Leisure Centres and Community





Development and Libraries. In addition there were favourable timing variances for Council Election Costs \$136,016 due to costs now being apportioned over two years, pending budget adjustments in the mid year review, Sundry Administration Expenses \$41,865 and Interstate and Overseas Conferences \$15,568. The balance of the variance is spread across a number of areas.

- h) This favourable variance was mainly due to Fuel \$100,225, with costs being lower than budgeted, partly offset by an unfavourable variance for Vehicle Servicing Costs (\$35,569).
- i) Computing shows a favourable variance largely due to timing differences in the areas of Data Communication Links \$26,677 and Computer Software Licences \$89,956, which includes \$42,500 for the online Building Application project progressing behind budget phasing. However these were offset by an unfavourable timing variance of (\$57,834) for Computer Software Maintenance.

#### **10. Utilities**

Electricity costs are \$179,774 below budget. This includes a favourable variance of \$61,758 for Street Lighting due to a lower than anticipated increase in the unit rate, as well as favourable timing variances of \$41,242 for Parks and \$61,464 for the City's facilities, in addition to \$15,309 for the Multi Storey Car Park which opened later than anticipated.

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

This unfavourable variance includes higher than estimated depreciation for Infrastructure Assets (\$1,125,114) mainly for Open Reserves and Other Infrastructure Assets following revaluation at 30 June 2015. In addition depreciation for Property, Plant and Equipment assets is (\$189,248) 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.

#### **12. Loss on Asset Disposals**

The disposal of Lot 549 Moolanda Boulevard, Kingsley generated a profit on disposal compared to a budgeted loss of \$702,375. In addition, favourable timing variances arose for other surplus land holdings \$575,000, which are now forecast to be sold later than originally estimated, as well as Fleet and Plant assets \$43,582.

#### **13. Insurance Expenses**

The Insurance Excess to date is (\$39,552) higher than budget, partly offsetting the favourable variance \$143,408 generated from net premiums on various insurance categories being lower than budget.

#### **14. Non-Current Items**

The year to date movement in the non-current long service leave liability is \$293,501 lower than estimated. This is mainly due to the change of entitlements from non-current to current based on age and is offset by an increase in the current long service leave liability. This will be reviewed during the mid-year budget review process.

## 15. Capital Contributions

The City has invoiced both Marmion Angling and Aquatic Club (MAAC) for their contribution of \$234,000 towards the construction of a new car park north of the MAAC and St Marks Anglican Community School for their contribution of \$66,569 towards St Marks Drive parking improvements earlier than estimated in the budget.

## 16. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden	\$820,395	\$54,151	\$766,244
b) Infrastructure Asset Management System Implementation	\$85,000	\$54,312	\$30,688
c) Better Bins Project	\$400,000	-	\$400,000
d) Youth Bus - Fit Out	\$90,000	-	\$90,000
e) Parking Ticket Machines – upgrade	\$187,761	-	\$187,761
f) Craigie Leisure Centre – pool refurbishment	\$370,000	\$300,071	\$69,929
g) Ocean Reef Marina	\$480,000	\$533,581	(\$53,581)
h) Network Infrastructure Upgrade Program	\$264,000	\$201,210	\$62,790
i) Replacement of CCTV Equipment – Boas Ave	\$50,000	-	\$50,000
j) Warwick Leisure Centre Expansion	\$829,091	\$1,042,424	(\$213,333)
k) Cafes, Restaurants and Kiosks	\$90,500	\$42,062	\$48,438
l) Land Purchases – Grand Boulevard and Davidson Terrace	-	\$62,758	(\$62,758)
Other Projects	\$573,709	\$301,483	\$272,226
	<u>\$4,240,456</u>	<u>\$2,592,052</u>	<u>\$1,648,404</u>

- a) Tasks associated with the project continued throughout the period including the decision to proceed with the preparation of the schematic design and revised costing, but not as estimated in the budget.
- b) This favourable variance is due to the timing of the implementation which is progressing behind budget estimates.
- c) The project to purchase larger 360 litre bins has progressed behind budget phasing, due to discussions regarding conditions of the grant, which will now not be received due to grant conditions proving to be more onerous than previously understood. The project will continue and an initial order has been placed for 936 bins.
- d) Vehicle and fit out requirements have been finalised and the tender process was initiated in January, calling for submissions by early February 2016. Phasing will be adjusted in the budget review.
- e) The vendor for card reader transaction processing has been selected and the roll out of the new technology is expected to be completed by the end of March 2016.



- f) Work on the upgrade was mostly completed in October. A variance of \$69,929 remains to be committed to upgrading plant room air handling systems and chemical store room improvements, which are expected to be completed by 30 June 2016. Phasing will be adjusted during the mid year review.
- g) Tasks associated with the project continued throughout the period including commencement of the City's Communication Plan and meetings with government departments, with expenditure being greater than estimated in the budget due to budget phasing that will be considered in the mid year review.
- h) This favourable variance has arisen mainly due to the timing of orders still being processed.
- i) The favourable timing variance of \$50,000 was brought about by a delay with the project pending consideration of results from other similar projects executed at lower cost, and will be addressed in the mid-year budget review.
- j) This unfavourable variance arose as a result of timing of instalment payments. The project is expected to be completed and expended in February 2016.
- k) Progression of tasks associated with the approvals process and design options are ongoing, however expenditure is less than anticipated in the budget.
- l) The purchase of Western Power lots adjacent to existing parking facilities generated this unfavourable variance. The budget is currently included within the Multi Storey Car Park project and will be reallocated as part of the Mid Year Review.

## 17. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$4,100,491	\$4,020,848	\$79,643
b) Major Projects Program	\$6,552,128	\$8,441,335	(\$1,889,207)
c) Stormwater Drainage Program	\$202,000	\$265,155	(\$63,155)
d) Slab Path Replacement Program	\$300,500	\$384,677	(\$84,177)
e) Major Building Capital Works Program	\$1,551,544	\$1,608,450	(\$56,906)
f) Local Traffic Management	\$350,000	\$123,388	\$226,612
g) Major Road Construction Program	\$2,400,000	\$1,380,053	\$1,019,947
h) Streetscape Enhancement Program	\$900,000	\$676,685	\$223,315
i) Street Lighting Program	\$128,000	\$427,460	(\$299,460)
j) Parks Equipment Program	\$546,000	\$705,999	(\$159,999)
k) New Paths	\$499,115	\$408,150	\$90,965
Other Works variances – not material	\$1,067,500	\$1,085,007	(\$17,507)
	<u>\$18,597,278</u>	<u>\$19,527,207</u>	<u>(\$929,929)</u>

- a) A number of the Road Preservation projects are complete under budget including Marmion Avenue / Windlass Avenue Northbound lanes \$27,604, Marmion Avenue - Windlass to Prince Regent Drive \$21,870 and Marmion Avenue - Prince Regent to Hodges Drive \$30,362 all contributing to this favourable variance.

- b) An unfavourable timing variance arose for the Multi Storey Car Park (\$1,535,858) which is funded from reserves held over from the previous financial year. In addition, unfavourable timing variances arose for Marmion Foreshore Parking (\$41,048), which is predominantly reserve funded, Synthetic Hockey Project (\$34,830) and Bramston Park (\$569,205). These are offset by a favourable variance for Ocean Reef Boat Harbour Floating Jetties \$291,735 due to expenditure having occurred in the previous financial year, to be addressed in the mid year review.
- c) This unfavourable variance is a result of a number of projects either progressing ahead of schedule including Barlee Place Drainage Upgrade (\$10,397) or being complete over budget. These include Edna Way Drainage Upgrade (\$15,891) and Blackall Drive (\$5,465) with costs exceeding original estimates due to the increased scope of works required, which will now be addressed in the mid year review. In addition, the Stormwater Drainage Upgrade program projects have exceeded budget estimates by (\$44,850) due to commencement of James Cook Park ahead of schedule to align with the asphalt program. Budgets have been reviewed during the mid-year budget review. These are partly offset by projects completed under budget including Gosse Road \$7,216 and Hughes Court \$4,783.
- d) The Shared Path Renewal and Resurfacing Program shows an unfavourable variance of (\$39,895) for path works at Edna Way and the drainage upgrades undertaken. With grant funding having been approved by the Department of Transport to upgrade Robertson Road Cycleway, the design and site preparation works have commenced, resulting in an unfavourable timing variance of (\$53,138) to be addressed in the mid year review. These are partly offset by the net favourable variance of \$8,856 for projects which are complete.
- e) Unfavourable variances arose for the Deep Sewer connection project (\$253,756) and Environmental Initiatives (\$78,054) which are funded from 2014-15 carry forwards in addition to an unfavourable timing variance for the Joondalup Library and Civic Centre lift upgrades (\$193,580) due to lifts having to be manufactured prior to installation. These are partly offset by favourable timing variances for Timberlane Park Hall upgrade \$169,165, SES Winton Road \$83,840, Craigie Leisure Centre Refurbishment \$44,442 and Joondalup Library Air Conditioning \$35,931. A favourable variance also arose of \$94,762 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. The balance of the variance is due to timing differences.
- f) The Local Traffic Management Program's favourable variance is spread across a number of projects completed under budget including Doveridge Drive \$24,566, Roche Road \$49,972, Marybrook Road \$23,698 and Wandoo Road \$24,736. In addition, a favourable variance of \$25,000 arose for the Hepburn Avenue/Karuah Way Wig Wag project which was scheduled to be done in 2015-16; however Main Roads WA completed the works and expended the funds in the previous financial year.
- g) This favourable variance is mainly due to Whitfords Avenue \$1,082,000 which is 75% constructed and on schedule, however the timing of contractor payments is behind budget phasing. This is partly offset by the two Ocean Reef Road projects totalling (\$62,053). The designs for these projects were completed earlier than budget phasing with construction is due to commence early in 2016.



- h) Favourable timing variances arose for Arterial Roads Streetscape Upgrade Program \$237,354 and for Streetscape Renewal Program \$12,966 which are offset by an unfavourable timing variance for the Leafy City Program (\$27,006).
- i) This unfavourable variance is mainly due to Joondalup City Centre Lighting (\$203,414) which is funded from reserves carried over from the previous financial year. An additional unfavourable variance arose for Windermere Park (\$22,388) which is funded from carry forward funds from 2014-15. The balance of the variance is due to a number of projects progressing ahead of budget schedule including Hilton Park Laneway Lighting (\$25,235), Chichester Park Floodlight Upgrade (\$11,702) and Ocean Reef Park Floodlight Upgrade (\$18,050).
- j) Unfavourable variances for Larkspur Park (\$100,389) and Ridge Park (\$69,439) arose due to the new playgrounds being complete and progressing ahead of schedule. These are offset by a number of playground projects completed under budget, including Otago Park \$27,153, Sorrento Foreshore Barbeque Renewals \$13,639 and Albacore Park \$9,031.
- k) A number of the Walkability Projects are running behind schedule, giving rise to this favourable variance. They include Collier Pass pedestrian Improvements \$45,000, City Centre Signage \$17,411, Hepburn Avenue PBN Shared Path \$37,501, Strathyre Drive \$9,966 and Methuen Way \$9,849, partly offset by the unfavourable variance of (\$30,054) for Walkability Project Hepburn Heights Shared Path and signage (\$30,054) which is funded from 2014-15 carry forwards.

## **18. Vehicle and Plant Replacements**

This unfavourable timing variance is due to the purchase of a Truck Road Sweeper (\$334,959) that is funded by carried forwards from 2014-15 and (\$133,062) for City Ranger vehicles partly offset by a net favourable timing variance of \$15,872 for purchases awaiting approval.

## **19. Loan Repayment Principal**

The loan to partly fund the Bramston Park Facility has not yet been drawn down generating a favourable variance to budget.

## **20. Proceeds from Disposal**

An unfavourable timing variance of (\$3,325,000) arose for surplus land holdings that are now forecast to be sold later than originally scheduled. This is partly offset by a favourable timing variance of \$133,882 for the disposal of Fleet and Plant assets and proceeds from the disposal of surplus land holdings being \$174,659 higher than estimated.

## **21. Loans – New Borrowings**

Bramston Park Facility borrowings have not yet been drawn down.

## 22. Opening Funds

Variations in the actual results for 2014-15 compared to the budget estimate gave rise to a favourable variance of \$2,149,337 in opening funds. This includes higher operating revenue of \$608,236 mainly from Interim Rates \$241,931, Grants \$105,050, Contributions \$136,981 and Interest Earnings \$130,832. In addition, operating expenditure was \$1,996,156 lower than estimate mainly due to Employee Costs \$1,351,001, which includes a \$665,153 chargeback of the workers compensation provision pertaining to 2009-10, Materials and Contracts \$386,549 and Utilities \$264,191, mainly from lower street lighting costs. These are partly offset by an unfavourable Capital Deficit variance of (\$306,156) predominantly due to the timing of Capital Grant claims.

## 23. Closing Funds

	June 2015	January 2016
<b>Current Assets</b>		
Cash Assets	\$88,083,406	\$124,206,392
Rates and Sundry Debtors	\$3,199,209	\$13,404,714
GST Receivable	\$1,280,332	\$555,596
Accrued Income	\$1,123,565	\$1,329,133
Advances and Prepayments	\$507,864	\$485,876
	\$94,194,376	\$139,981,711
<b>Less: Current Liabilities</b>		
Creditors	(\$3,310,018)	(\$859,794)
Sundry Payables	(\$456,510)	(\$10,550,077)
Provisions - Annual Leave	(\$4,095,880)	(\$3,907,888)
Provisions - Other	(\$8,241,075)	(\$9,678,626)
Accrued Expenses	(\$7,155,658)	(\$1,799,483)
Income in Advance	(\$1,920,608)	(\$5,000)
Borrowings	(\$1,823,565)	(\$706,208)
GST Payable	(\$194,830)	(\$112,870)
	(\$27,198,144)	(\$27,619,946)
<b>Net Current Assets</b>	<b>\$66,996,232</b>	<b>\$112,361,765</b>
<b>Add: Borrowings</b>	\$1,823,565	\$706,208
<b>Less: Cash Backed Reserves</b>	(\$65,680,795)	(\$65,680,795)
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$3,139,002</b>	<b>\$47,387,178</b>