



# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 August 2016

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	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(94,774,221)	(94,564,221)	(94,562,255)	(1,966)	(0)%
Specified Area Rates		(498,521)	(498,521)	(498,517)	(4)	(0)%
Grants and Subsidies	1	(3,982,230)	(1,099,318)	(837,127)	(262,191)	(24)%
Contributions Reimbursements and Donations	2	(835,508)	(85,397)	(79,422)	(5,975)	(7)%
Profit on Asset Disposals	3	(1,445,737)	(231,000)	(5,251)	(225,749)	(98)%
Fees and Charges	4	(39,449,489)	(24,026,441)	(24,246,879)	220,438	1%
Interest Earnings	5	(3,095,742)	(719,694)	(854,119)	134,425	19%
Other Revenue/Income		(162,100)	(28,000)	(26,775)	(1,225)	(4)%
<b>Total Operating Revenue</b>		<b>(144,243,548)</b>	<b>(121,252,592)</b>	<b>(121,110,345)</b>	<b>(142,247)</b>	<b>(0)%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	6	63,641,713	11,403,689	10,973,560	430,129	4%
Materials and Contracts	7	51,463,531	8,072,935	7,272,822	800,113	10%
Utilities (gas, electricity, water etc.)		6,026,467	1,005,563	966,828	38,735	4%
Depreciation & Amortisation of Non-Current Assets		29,488,636	5,009,649	4,972,686	36,963	1%
Loss on Asset Disposals	8	538,327	282,023	6,714	275,309	98%
Interest Expenses		619,754	94,889	93,576	1,313	1%
Insurance Expenses		1,558,487	875,928	858,963	16,965	2%
<b>Total Operating Expenses</b>		<b>153,336,915</b>	<b>26,744,677</b>	<b>25,145,149</b>	<b>1,599,528</b>	<b>6%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>9,093,367</b>	<b>(94,507,915)</b>	<b>(95,965,196)</b>	<b>1,457,281</b>	<b>2%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(29,488,636)	(5,009,649)	(4,972,686)	(36,963)	(1)%
Loss on Asset Disposal		(538,327)	(282,023)	(6,714)	(275,309)	(98)%
Profit on Asset Disposals		1,445,737	231,000	5,251	225,749	98%
Other Non-Current items						
Movement in Non-current Items	9	100,000	100,000	(73,128)	173,128	(173)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(19,387,859)</b>	<b>(99,468,588)</b>	<b>(101,012,473)</b>	<b>1,543,885</b>	<b>2%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	10	(13,280,097)	(2,402,527)	(1,106,634)	(1,295,893)	100%
Capital Contributions	11	(862,273)	(217,546)	(50,000)	(167,546)	(77)%
Equity Distribution - TPRC		(1,833,333)	-	-	-	-
Acquired Infrastructure Assets		-	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(15,975,703)</b>	<b>(2,620,073)</b>	<b>(1,156,634)</b>	<b>(1,463,439)</b>	<b>(56)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	12	15,271,101	3,076,514	467,193	2,609,321	85%
Capital Works	13	41,304,158	4,392,628	5,292,270	(899,642)	(20)%
Vehicle and Plant Replacements	14	2,440,600	624,000	118,806	505,194	81%
Loan Repayment Principal	15	2,262,910	272,918	189,718	83,200	30%
Equity Investments		47,443	-	-	-	-
<b>Total Capital Expenditure</b>		<b>61,326,212</b>	<b>8,366,060</b>	<b>6,067,987</b>	<b>2,298,073</b>	<b>27%</b>
TPRC Development Costs		-	-	-	-	-
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>45,350,509</b>	<b>5,745,987</b>	<b>4,911,353</b>	<b>834,634</b>	<b>15%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>25,962,650</b>	<b>(93,722,600)</b>	<b>(96,101,120)</b>	<b>2,378,519</b>	<b>3%</b>
<b>FUNDING</b>						
Proceeds from Disposal	16	(7,769,454)	(2,525,217)	(104,172)	(2,421,044)	(96)%
Loans - New Borrowings		(4,545,423)	-	-	-	-
Transfer from Trust		(95,000)	-	-	-	-
Transfer from Reserve		(25,881,451)	-	-	-	-
Transfer to Reserve		12,979,610	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds	17	(650,932)	(650,932)	(2,534,972)	1,884,040	289%
<b>CLOSING FUNDS</b>	18	<b>-</b>	<b>(96,898,749)</b>	<b>(98,740,264)</b>	<b>1,841,515</b>	<b>2%</b>



# Investment Summary

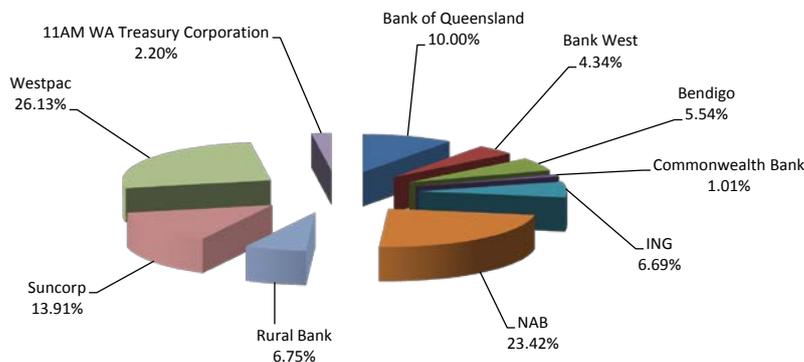
CITY OF JOONDALUP  
August-16

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	2.97%	3.02%	\$ 14,800,000	10.00%	10%
AA-	A-1+	Bank West Term Deposit	2.78%	2.82%	\$ 6,430,000	4.34%	25%
A-	A-2	Bendigo Term Deposit	2.79%	2.85%	\$ 8,200,000	5.54%	10%
AA-	A-1+	Commonwealth Bank Term Deposit	2.95%	2.95%	\$ 1,500,000	1.01%	25%
A-	A-2	ING Term Deposit	2.90%	2.95%	\$ 9,900,000	6.69%	10%
AA-	A-1+	NAB Term Deposit	2.90%	2.95%	\$ 34,680,000	23.42%	25%
A-	A-2	Rural Bank Term Deposit	3.06%	3.06%	\$ 10,000,000	6.75%	10%
A+	A-1	Suncorp Term Deposit	2.90%	2.96%	\$ 20,600,000	13.91%	15%
AA-	A-1+	Westpac Term Deposit	2.94%	2.96%	\$ 38,680,000	26.13%	25%
AA+	A-1+	11AM WA Treasury Corporation	1.45%	1.58%	\$ 3,261,000	2.20%	25%

<b>Total Investment Portfolio</b>	2.90%	2.93%	<b>148,051,000</b>	100.00%	
<b>Municipal Funds</b>			85,348,384		
<b>Reserve Funds (Subject to 2015-16 end of year finalisation)</b>			62,702,616		
			<b>148,051,000</b>		

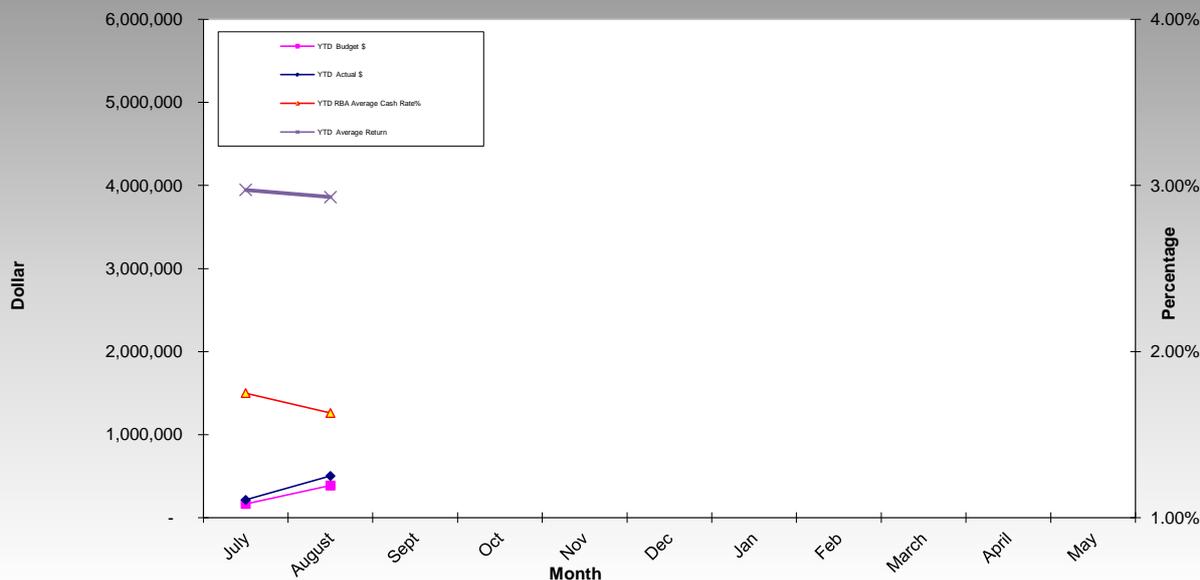
Overall Portfolio Limits		Value\$	% Current	% Limit
Long Term	Short Term			
AA	A-1+	84,551,000	57.1%	100%
A	A-1	20,600,000	13.9%	50%
A	A-2	42,900,000	29.0%	40%

## City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD RBA Average Cash Rate%	YTD Average Return
July	165,089	213,767	165,089	213,767	1.75%	2.97%
August	221,606	288,260	386,694	502,027	1.63%	2.93%

## Return on Investments





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

**1. Grants and Subsidies**

This includes unfavourable timing variances for Kidsport (\$153,350) and Clubs in Focus (\$50,000) grants which are forecast to be received later than originally estimated. In addition, an unfavourable timing variance arose of (\$44,800) for the SES 2016-17 Operating grant as the first quarterly payment of (\$28,558) was received in the previous financial year and the balance of the variance will be received later than budget phasing. The first quarterly payment of the General Purpose Financial Assistance grant was received in the period and was (\$11,041) below budget estimate.

**2. Contributions Reimbursements and Donations**

Unfavourable timing variances arose for the reimbursement of Utility Charges for City leased properties (\$17,520), Contributions (\$4,066) and Other Miscellaneous reimbursements (\$7,116) which are spread across a number of areas. These are partly offset by unbudgeted Insurance reimbursements of \$22,144.

**3. Profit on Asset Disposals**

This unfavourable variance includes (\$231,000) due to the timing of the disposal of surplus land holdings.

**4. Fees and Charges**

	YTD Budget	YTD Actual	Variance
a) Refuse Charges	\$20,202,484	\$20,235,374	\$32,890
b) Inspection and Control Fees	\$767,531	\$834,875	\$67,344
c) Sports and Recreation Fees	\$1,042,923	\$1,090,995	\$48,072
d) Miscellaneous Fees and Charges	\$793,610	\$855,168	\$61,558
Other Fees and Charges Variances	\$1,219,893	\$1,230,467	\$10,574
	<u>\$24,026,441</u>	<u>\$24,246,879</u>	<u>\$220,438</u>

- a) The number of Refuse Charges levied is slightly higher than estimated in the budget giving rise to this favourable variance.
- b) A favourable timing variance of \$54,240 arose due to Food Business Inspection Fees being raised earlier than anticipated in the budget. In addition, Swimming Pool Inspection Fees levied exceeded budget by \$13,104.
- c) Revenue is higher than budget for the Learn to Swim program \$17,395 and Hire of Facilities and Parks \$56,127. These are partly offset by lower than budgeted Admission Fees of (\$30,458) predominantly for the pool and group fitness classes.
- d) Favourable variances arose for Fines Enforcements Registry charges \$27,318 and Rates and Other Administration Fees \$13,093. The balance of the variance is spread across a number of areas.



## 5. Interest Earnings

Interest earned on investments exceeded budget by \$115,448 mainly due to the volume of funds under investment being higher than originally estimated. In addition, Instalment and Penalty Interest on Rates account balances exceeded budget by \$18,977.

## 6. Employee Costs

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$10,247,272	\$9,835,436	\$411,836
b) Other Employment Costs	\$1,156,417	\$1,138,124	\$18,293
	<u>\$11,403,689</u>	<u>\$10,973,560</u>	<u>\$430,129</u>

a) The variance in Salaries and Wages is predominantly due to budgeted salary increases from 1 July which are yet to occur and vacant positions across the City.

b) This includes favourable timing variances for Staff Training \$53,942, Employee Support Services \$42,148 and Internal Labour Recovery on Capital Works \$49,292. These are partly offset by unfavourable variances for Agency Employees (\$113,909) predominantly used to cover vacant positions and Study Assistance (\$11,390).

## 7. Materials and Contracts

	YTD Budget	YTD Actual	Variance
a) External Service Expenses	\$3,482,954	\$2,752,256	\$730,698
b) Computing	\$299,953	\$502,736	(\$202,783)
c) Waste Management	\$992,750	\$1,069,516	(\$76,766)
d) Accommodation and Property	\$274,477	\$383,660	(\$109,183)
e) Furniture, Equipment and Artworks	\$365,586	\$285,412	\$80,174
f) Public Relations, Advertising and Promotions	\$166,075	\$89,483	\$76,592
g) Contributions and Donations	\$373,321	\$273,166	\$100,155
h) Materials	\$361,103	\$296,350	\$64,753
i) Other Materials and Contracts	\$1,756,716	\$1,620,243	\$136,473
	<u>\$8,072,935</u>	<u>\$7,272,822</u>	<u>\$800,113</u>

a) External Contractors and Services expenditure is \$592,057 below budget. This includes favourable timing variances for Parks \$315,058, Engineering Maintenance \$122,660 and Building Maintenance \$148,222. In addition, favourable variances arose for Bulk and Domestic Tipping Fees \$148,125 due to lower tonnages collected compared to budget estimates. This is due to a downward trend in tonnages across the metropolitan area and the cessation of bulk collections in May 2016, in anticipation of the new bulk waste service to be rolled out later this financial year.

b) An unfavourable variance arose for Computer Software Maintenance (\$240,809) mainly due to the timing of annual payments compared to budget phasing. This is partly offset by favourable timing variances for Computer Software Licences \$20,105 and Internet Provider Costs \$15,920.

c) This net unfavourable variance is due to Green Waste collection and processing costs to date being higher than budget estimate.



- d) Unfavourable timing variances arose for Council and Water Rates charges on City properties (\$127,792), which were budgeted to be processed in September, partly offset by a favourable variance for Refuse Removal Charges of \$17,428.
- e) Favourable variances arose for the Computer Equipment renewal program of \$82,469, for which the order for replacement laptops has not yet been placed, and Parking Ticket Machine maintenance \$46,786. These are offset by an unfavourable variance of (\$33,049) for the purchase of waste collections bins and associated equipment.
- f) The timing of various events compared to budget phasing generated this favourable variance which includes Advertising \$34,753, Promotions \$12,215 and Signage \$10,700.
- g) Favourable timing variances arose for Sponsorship \$107,322 due mainly to the timing of payments for Kaleidoscope 2016 and Grants and Contributions \$42,526. These are partly offset by unfavourable timing variances for Grant Disbursements (\$38,198).
- h) This favourable timing variance includes \$43,691 for Materials used by External Contractors spread across a number of areas including Roads and Building maintenance and \$15,589 for Building Minor Works.
- i) This favourable variance is spread across a number of areas including Finance Related Costs \$38,148, Telephones and Communications \$32,856, Travel, Vehicle and Plant running costs \$35,790 and Administration \$18,585.

#### 8. Loss on Asset Disposals

Favourable timing variances arose in respect of the disposal of surplus land holdings \$230,000 and Fleet and Plant \$45,309.

#### 9. Non-Current Items

The movement in the year to date non-current long service leave liability is \$173,128 more than estimated for the full year. Phasing of the budget movement will be considered during the Mid Year Review.

#### 10. Capital Grants and Subsidies

	YTD Budget	YTD Actual	Variance
a) Road Preservation Program	\$1,072,836	\$571,057	(\$501,779)
b) Blackspot Program	\$577,533	-	(\$577,533)
c) Street Lighting Program	\$281,966	-	(\$281,966)
d) Major Road Construction Program	\$270,192	-	(\$270,192)
e) Path Replacement Program	-	\$124,000	\$124,000
f) New Paths Program	-	\$141,577	\$141,577
g) Building Capital Works Program	-	\$70,000	\$70,000
Other	\$200,000	\$200,000	-
	<u>\$2,402,527</u>	<u>\$1,106,634</u>	<u>\$1,295,893</u>

- a) Unfavourable timing variances arose for the Direct Grant Program (\$304,000) and the Metropolitan Road Resurfacing Grant (\$239,468) which have been submitted to Main Roads WA but are awaiting payment. These are partly offset by a Roads to



Recovery Grant received of \$40,585 for forecast expenditure in final quarter of the 2015-16 financial year.

- b) The first 40% grant claims for the State Black Spot Program (\$138,933) and National Black Spot Program (\$156,000) have been submitted to Main Roads WA but are awaiting payment generating unfavourable timing variances. Additional unfavourable timing variances have also arisen for budgeted carry forward projects Oceanside Promenade (\$234,000) and Joondalup Drive / Shenton Avenue Lighting Upgrade (\$48,600) which are complete and awaiting final supplier invoices before final grant claims can be made.
- c) Final grant acquittals for Chichester Park (\$114,420) and Ocean Reef Floodlighting Upgrade (\$167,546) have been submitted to the Department of Sport and Recreation and final grants are anticipated to be received in September.
- d) The road improvement grant for Whitfords Avenue – Northshore Drive to Belrose Entrance Dualling (\$270,192) will be claimed upon receipt of outstanding supplier invoices for the project.
- e) The City received the Perth Bicycle Network Grant of \$124,000 for Robinson Cycleway Bike and Pedestrian Paths project earlier than estimated due to works progressing ahead of schedule.
- f) This favourable timing variance relates to grants received in 2016-17 for Hepburn Avenue Perth Bike Network shared Path project \$123,442 and Walkability Project – Sunset Coast Trail Signage \$18,135 which were budgeted to be received in the previous financial year.
- g) An unbudgeted grant of \$70,000 was received from the Disability Services Commission to support the building of Changing Places in the Community.

## 11. Capital Contributions

The sporting club contribution for floodlighting upgrades at Ocean Reef Park (\$167,546) will now be received later than estimated.

## 12. Capital Projects

	YTD Budget	YTD Actual	Variance
a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden	\$1,883,334	\$170,441	\$1,712,893
b) Ocean Reef Marina	\$331,120	\$153,438	\$177,682
c) Joondalup City Centre Commercial Office Development	\$240,560	\$38,468	\$202,092
d) Youth Bus Fit-out	\$90,000	-	\$90,000
e) Information Technology Projects	\$145,000	\$7,155	\$137,845
f) Disaster Recovery Facilities			
f) Pool Refurbishment Craigie Leisure Centre	\$50,000	-	\$50,000
g) Mullaloo Surf Life Saving Club Refurbishment	\$225,000	-	\$225,000
Other Projects	\$111,500	\$97,691	\$13,809
	<u>\$3,076,514</u>	<u>\$467,193</u>	<u>\$2,609,321</u>



- a) The City is currently reviewing the Schematic Design report and Business Case for this project. The timing of expenditure will be determined by future Council decisions.
- b) Actual expenditure is progressing behind budget estimates.
- c) The timing of the engagement of external consultants has generated this favourable variance and expenditure on this project will be determined by future Committee and Council decisions.
- d) The fit-out of the vehicle is progressing and planning has commenced for the launch of the new Youth Truck which is anticipated to be held in October.
- e) This favourable variance is due to the Disaster Recovery Facilities and Network Infrastructure equipment replacement programs progressing behind budget estimates.
- f) This project was budgeted as a carry forward from the previous financial year however it was actually completed in the 2015-16 financial year.
- g) This project is currently 38% complete. The next progress payment is due upon 50% completion which is now anticipated to occur in October.

### 13. Capital Works

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$1,045,119	\$651,975	\$393,144
b) Major Projects Program	\$207,840	\$888,209	(\$680,369)
c) Major Building Capital Works Program	\$711,250	\$792,036	(\$80,786)
d) Major Road Construction Program	\$1,461,490	\$654,581	\$806,909
e) Slab Path Replacement	\$55,000	\$471,294	(\$416,294)
f) Blackspot Projects	\$12,000	\$509,742	(\$497,742)
g) Parks Equipment Program	\$18,000	\$243,204	(\$225,204)
h) Streetscape Enhancement Program	\$84,276	\$169,326	(\$85,050)
i) Street Lighting Program	\$546,153	\$596,454	(\$50,301)
Other Works variances – not material	\$251,500	\$315,449	(\$63,949)
	<u>\$4,392,628</u>	<u>\$5,292,270</u>	<u>(\$899,642)</u>

- a) Favourable timing variances arose across a number of projects within the program including Road Preservation - Asphalt Overlay \$107,207, Eddystone Avenue - Eagle Street to Whitfords Avenue \$81,274 and Oceanside Promenade – Westview Boulevard to Ocean Reef Road \$75,439.
- b) This unfavourable variance is mainly due to the Synthetic Hockey Project (\$860,499) which is progressing ahead of schedule. This is offset by work on the detailed designs for a number of projects progressing behind budget phasing including Penistone Park - Facility Redevelopment \$142,165 and Percy Doyle - Soccer Clubrooms \$13,400.
- c) Unfavourable variances arose for the Coastal Toilets Sewer Upgrade (\$213,295) at Mullaloo which is funded from carried forward funds from the previous financial year



and the Craigie Leisure Centre – Indoor Aquatic Centre Refurbishment (\$145,550) which is progressing ahead of schedule. These are partly offset by favourable timing variances for Timberlane Park Hall Upgrade \$161,961, which is 100% complete, and Joondalup Library and Civic Centre Lift Upgrade \$105,880 for which supplier invoices have not yet been received.

- d) Favourable timing variances arose for Ocean Reef Road, Marmion Avenue - Swanson Avenue \$767,056 and Whitfords Avenue Upgrades \$31,490.
- e) This unfavourable variance is due to Robertson Road Cycleway Path Upgrade (\$222,132) which is progressing ahead of schedule in addition to a number of other projects within the program which are complete ahead of schedule.
- f) This includes unfavourable variances of (\$351,904) for Oceanside Promenade and (\$150,799) for Joondalup Drive / Shenton Avenue Lighting Upgrade which are carried forward from the previous financial year.
- g) Unfavourable variances arose of (\$64,561) for Windermere Park and (\$45,826) for the Tennis Court Resurfacing Program which are 2015-16 projects and are funded from carried forward funds from the previous financial year. In addition, unfavourable timing variances arose for play space renewals at Noal Gannon Park (\$36,807) and Lysander Park (\$65,649) which are complete ahead of schedule.
- h) The Arterial Roads Landscape Upgrade Program and the Leafy City Program are progressing ahead of schedule generating unfavourable timing variances of (\$47,480) and (\$38,516) respectively.
- i) This includes an unfavourable timing variance for Joondalup City Centre Lighting, (\$424,232) partly offset by favourable variances for Chichester Park Floodlight Upgrade \$100,682 and Ocean Reef Park Floodlighting Upgrade \$247,198 which are complete under budget.

#### **14. Vehicle and Plant Replacements**

This favourable variance is for Fleet and Plant purchases which are progressing behind budget phasing, including \$190,000 for a Water Truck and \$80,000 for a Customer Response Truck. Orders totalling \$671,884 have been placed and are scheduled for delivery in the coming months

#### **15. Loan Repayment Principal**

The timing of the draw down of the loan to partly fund the Bramston Park Facility has generated this favourable variance.

#### **16. Proceeds from Disposal**

The timing of the disposal of surplus land holdings generated an unfavourable variance of (\$2,451,000), this is partly offset by a favourable variance for Fleet and Plant assets disposed to date of \$29,956.



## 17. Opening Funds

The variation in the 2015-16 closing funds as reported in the Financial Activity Statement for the period ended 30 June 2016 is prior to end of year adjustments being processed. The final balance will be available after the Financial Statements for 2015-16 have been audited.

## 18. Closing Funds

	June 2016	August 2016
<b>Current Assets</b>		
Cash Assets	\$86,410,817	\$148,505,477
Rates and Sundry Debtors	\$2,447,395	\$51,687,769
GST Receivable	\$865,829	\$807,777
Accrued Income	\$1,340,149	\$911,031
Advances and Prepayments	\$391,921	\$35,810
	\$91,456,111	\$201,947,864
<b>Less: Current Liabilities</b>		
Creditors	(\$3,264,140)	(\$7,146,841)
Sundry Payables	(\$939,058)	(\$15,289,463)
Provisions - Annual Leave	(\$4,172,735)	(\$4,187,375)
Provisions - Other	(\$8,079,290)	(\$8,608,877)
Accrued Expenses	(\$4,833,905)	(\$2,289,249)
Income in Advance	(\$1,951,216)	(\$5,000)
Borrowings	(\$2,126,295)	(\$1,936,577)
	(\$25,366,639)	(\$39,463,382)
<b>Net Current Assets</b>	<b>\$66,089,472</b>	<b>\$162,484,482</b>
<b>Add: Borrowings</b>	\$2,126,295	\$1,936,577
<b>Less: Cash Backed Reserves (subject to 2015-16 end of year finalisation)</b>	(\$65,680,795)	(\$65,680,795)
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$2,534,972</b>	<b>\$98,740,264</b>