



# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 July 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)	(94,564,543)	322	0%
Specified Area Rates		(498,521)	(498,521)	(498,517)	(4)	(0)%
Grants and Subsidies	1	(3,982,230)	(251,150)	-	(251,150)	(100)%
Contributions Reimbursements and Donations	2	(835,508)	(49,068)	(37,889)	(11,179)	(23)%
Profit on Asset Disposals	3	(1,445,737)	(231,000)	-	(231,000)	(100)%
Fees and Charges		(39,449,489)	(22,258,843)	(22,265,891)	7,048	0%
Interest Earnings		(3,095,742)	(206,089)	(213,828)	7,739	4%
Other Revenue/Income		(162,100)	(28,000)	(29,362)	1,362	5%
<b>Total Operating Revenue</b>		<b>(144,243,548)</b>	<b>(118,086,891)</b>	<b>(117,610,030)</b>	<b>(476,861)</b>	<b>(0)%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	4	63,641,713	6,030,173	5,763,281	266,892	4%
Materials and Contracts	5	51,463,531	4,333,149	3,032,179	1,300,970	30%
Utilities (gas, electricity, water etc.)		6,026,467	503,651	501,439	2,212	0%
Depreciation & Amortisation of Non-Current Assets		29,488,636	2,504,825	2,460,222	44,603	2%
Loss on Asset Disposals	6	538,327	260,241	-	260,241	100%
Interest Expenses		619,754	47,615	45,798	1,817	4%
Insurance Expenses		1,558,487	875,928	854,709	21,219	2%
<b>Total Operating Expenses</b>		<b>153,336,915</b>	<b>14,555,582</b>	<b>12,657,628</b>	<b>1,897,954</b>	<b>13%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>9,093,367</b>	<b>(103,531,309)</b>	<b>(104,952,402)</b>	<b>1,421,093</b>	<b>1%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(29,488,636)	(2,504,825)	(2,460,222)	(44,603)	(2)%
Loss on Asset Disposal		(538,327)	(260,241)	-	(260,241)	(100)%
Profit on Asset Disposals		1,445,737	231,000	-	231,000	100%
Other Non-Current items						
Movement in Non-current Items	7	100,000	100,000	(35,966)	135,966	(136)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(19,387,859)</b>	<b>(105,965,375)</b>	<b>(107,448,590)</b>	<b>1,483,215</b>	<b>1%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	8	(13,280,097)	(200,000)	(393,508)	193,508	100%
Capital Contributions	9	(862,273)	(50,000)	-	(50,000)	(100)%
Equity Distribution - TPRC		(1,833,333)	-	-	-	-
Acquired Infrastructure Assets		-	-	-	-	-
<b>Total Non-Operating Revenue</b>		<b>(15,975,703)</b>	<b>(250,000)</b>	<b>(393,508)</b>	<b>143,508</b>	<b>57%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	10	15,271,101	1,446,852	132,192	1,314,660	91%
Capital Works	11	41,304,158	2,092,585	702,370	1,390,215	66%
Vehicle and Plant Replacements	12	2,440,600	357,000	51,571	305,429	86%
Loan Repayment Principal		2,262,910	189,718	189,718	-	0%
Equity Investments		47,443	-	-	-	-
<b>Total Capital Expenditure</b>		<b>61,326,212</b>	<b>4,086,155</b>	<b>1,075,851</b>	<b>3,010,304</b>	<b>74%</b>
TPRC Development Costs		-	-	-	-	-
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>45,350,509</b>	<b>3,836,155</b>	<b>682,343</b>	<b>3,153,812</b>	<b>82%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>25,962,650</b>	<b>(102,129,220)</b>	<b>(106,766,246)</b>	<b>4,637,027</b>	<b>5%</b>
<b>FUNDING</b>						
Proceeds from Disposal	13	(7,769,454)	(2,488,108)	-	(2,488,108)	(100)%
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	14	(650,932)	(650,932)	(2,534,972)	1,884,040	289%
<b>CLOSING FUNDS</b>	15	<b>-</b>	<b>(105,268,260)</b>	<b>(109,301,218)</b>	<b>4,032,958</b>	<b>4%</b>



## Investment Summary

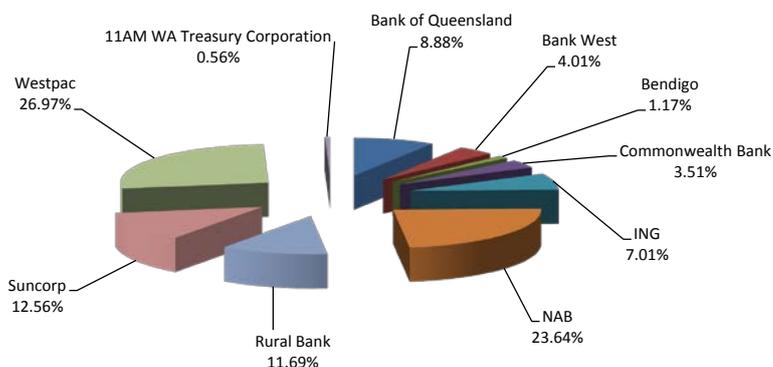
**CITY OF JOONDALUP**  
July-16

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	3.11%	3.11%	\$ 7,600,000	8.88%	10%
AA-	A-1+	Bank West Term Deposit	2.89%	2.89%	\$ 3,430,000	4.01%	25%
A-	A-2	Bendigo Term Deposit	2.88%	2.88%	\$ 1,000,000	1.17%	10%
AA-	A-1+	Commonwealth Bank Term Deposit	2.95%	2.95%	\$ 3,000,000	3.51%	25%
A-	A-2	ING Term Deposit	3.03%	3.03%	\$ 6,000,000	7.01%	10%
AA-	A-1+	NAB Term Deposit	3.03%	3.03%	\$ 20,230,000	23.64%	25%
A-	A-2	Rural Bank Term Deposit	3.06%	3.06%	\$ 10,000,000	11.69%	10%
A+	A-1	Suncorp Term Deposit	3.03%	3.03%	\$ 10,750,000	12.56%	15%
AA-	A-1+	Westpac Term Deposit	2.98%	2.98%	\$ 23,080,000	26.97%	25%
AA+	A-1+	11AM WA Treasury Corporation	1.70%	1.70%	\$ 481,000	0.56%	25%

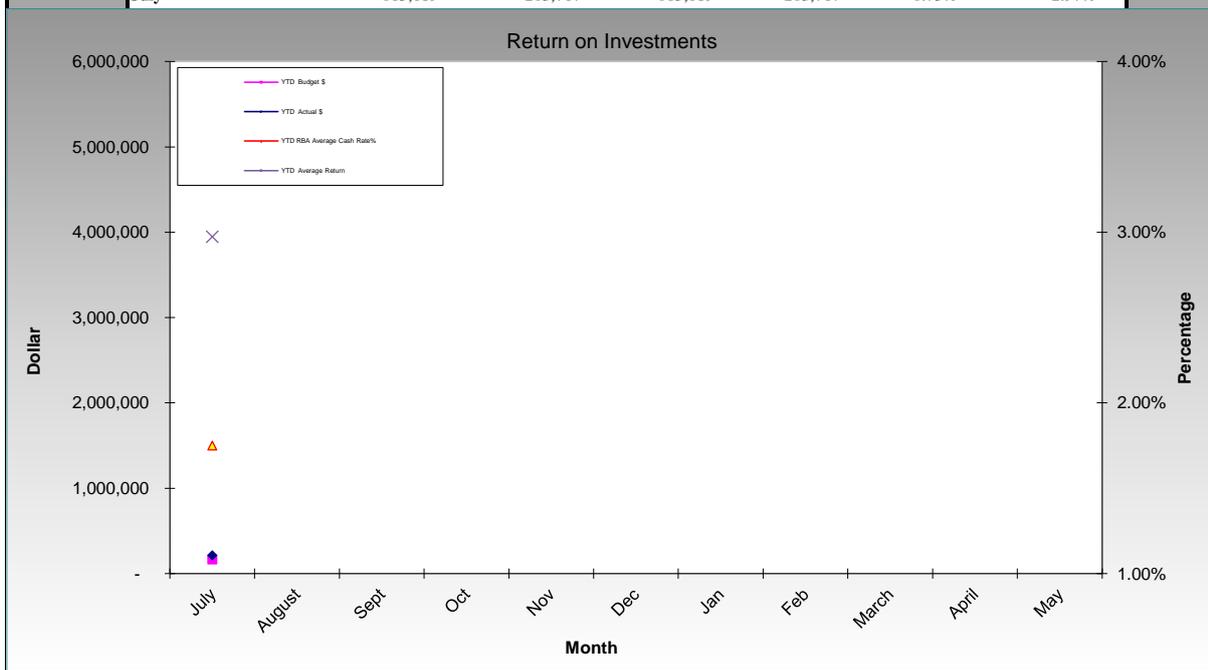
<b>Total Investment Portfolio</b>	2.97%	2.97%	<b>85,571,000</b>	100.00%
<b>Municipal Funds</b>			<b>22,197,811</b>	
<b>Reserve Funds (Subject to 2015-16 end of year finalisation)</b>			<b>63,373,189</b>	
			<b>85,571,000</b>	

Overall Portfolio Limits		Value\$	% Current	% Limit
Long Term	Short Term			
AA	A-1+	50,221,000	58.7%	100%
A	A-1	10,750,000	12.6%	50%
A	A-2	24,600,000	28.7%	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%





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

**1. Grants and Subsidies**

This unfavourable timing variance includes (\$44,800) for the SES 2016-17 Operating grant. 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. Additional variances arose for Kidsport (\$153,350) and Clubs in Focus (\$50,000) grants which are forecast to be received later than originally estimated.

**2. Contributions Reimbursements and Donations**

Unfavourable timing variances arose for the reimbursement of Utility Charges for City leased properties (\$15,097) and Other Miscellaneous reimbursements (\$10,688) which is spread across a number of areas. These are partly offset by unbudgeted Insurance reimbursements of \$17,371.

**3. Profit on Asset Disposals**

This unfavourable variance is due to the timing of the disposal of surplus land holdings.

**4. Employee Costs**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$4,934,358	\$4,724,580	\$209,778
b) Other Employment Costs	\$1,095,815	\$1,038,701	\$57,114
	<u>\$6,030,173</u>	<u>\$5,763,281</u>	<u>\$266,892</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 \$29,607, Employee Support Services \$16,300 and Staff Uniforms \$10,890.

**5. Materials and Contracts**

	YTD Budget	YTD Actual	Variance
a) External Service Expenses	\$1,813,335	\$1,118,422	\$694,913
b) Computing	\$228,200	\$132,471	\$95,729
c) Professional Fees and Costs	\$371,280	\$312,129	\$59,151
d) Accommodation and Property	\$122,222	\$72,529	\$49,693
e) Furniture, Equipment and Artworks	\$142,379	\$65,033	\$77,346
f) Public Relations, Advertising and Promotions	\$82,732	\$13,541	\$69,191
g) Contributions and Donations	\$219,731	\$76,781	\$142,950
h) Materials	\$148,052	\$65,125	\$82,927
Other Materials and Contracts	\$1,205,218	\$1,176,148	\$29,070
	<u>\$4,333,149</u>	<u>\$3,032,179</u>	<u>\$1,300,970</u>



- a) External Contractors and Services is \$575,217 below budget. This includes favourable timing variances for Parks \$215,828, Engineering Maintenance \$91,501, Landscaping and Conservation Services \$45,318 and Building Maintenance \$196,461. In addition, favourable variances arose for Bulk and Domestic Tipping Fees \$122,354 due to lower tonnages collected compared to budget estimates 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) Favourable variances arose for Computer Software Maintenance \$50,999, mainly due to the timing of annual payments compared to budget phasing, Computer Software Licences \$31,110 and Internet Provider Costs \$16,789.
- c) This is predominantly due to favourable timing variances for Consultancy \$59,400.
- d) This includes favourable timing variances for Water Rates on City Properties \$27,162, Refuse Removal Charges \$16,542 and Rental and Outgoings \$12,824 partly offset by an unfavourable FESA ESL variance of (\$7,399).
- e) Favourable variances arose for Plant and Equipment Maintenance \$45,322, mainly relating to Parking Ticket Machine maintenance, Hire of Equipment \$15,627 and Computer and Communications Equipment Purchases \$10,240.
- f) The timing of various events compared to budget phasing generated this favourable variance which includes Advertising \$29,663.
- g) Favourable timing variances arose for Sponsorship \$112,278 due mainly to the timing of payments for Kaleidoscope 2016 and Grants and Contributions \$64,306. These are partly offset by unfavourable timing variances for Grant Disbursements (\$34,942).
- h) This favourable timing variance includes \$80,912 for Materials used by External Contractors spread across a number of areas including Roads, Parks and Building maintenance.

## 6. Loss on Asset Disposals

Favourable timing variances arose in respect of the disposal of surplus land holdings \$230,000 and Fleet and Plant \$30,241.

## 7. Non-Current Items

The movement in the year to date non-current long service leave liability is currently \$135,966 greater than estimated for the full year. Phasing of the budget movement will be considered during the Mid Year Review.

## 8. Capital Grants and Subsidies

	YTD Budget	YTD Actual	Variance
a) Building Capital Works Program	-	\$70,000	\$70,000
b) New Paths Program	-	\$123,442	\$123,442
Other	\$200,000	\$200,066	\$66
	<u>\$200,000</u>	<u>\$393,508</u>	<u>\$193,508</u>



- a) An unbudgeted grant of \$70,000 was received from the Disability Services Commission to support the building of Changing Places in the Community.
- b) This favourable variance relates to a grant from the Department of Transport for the Hepburn Avenue Perth Bike Network shared Path project \$123,442 which was budgeted to be received in the previous financial year.

## 9. Capital Contributions

The sporting club contribution for floodlighting upgrades at Percy Doyle (\$50,000) will now be received later than estimated.

## 10. Capital Projects

	YTD Budget	YTD Actual	Variance
a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden	\$941,667	\$14,096	\$927,571
b) Ocean Reef Marina	\$172,120	\$53,372	\$118,748
c) Joondalup City Centre Commercial Office Development	\$124,815	\$16,837	\$107,978
d) Youth Bus Fit-out	\$90,000	-	\$90,000
e) IT Disaster Recovery Facilities	\$30,000	-	\$30,000
f) Pool Refurbishment Craigie Leisure Centre	\$50,000	\$21,905	\$28,095
Other Projects	\$38,250	\$25,982	\$12,268
	<u>\$1,446,852</u>	<u>\$132,192</u>	<u>\$1,314,660</u>

- a) The City is currently reviewing the Schematic Design report. The timing of expenditure on this project 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 timing variance.
- d) The fit-out of the vehicle is progressing and is expected to be completed by the end of August.
- e) This favourable variance is due to the timing of the project which is progressing behind budget estimates.
- f) Costs have been incorrectly charged to this project, this will be rectified in August 2016.



## 11. Capital Works

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$389,286	\$126,434	\$262,852
b) Major Projects Program	\$97,270	\$6,514	\$90,756
c) Major Building Capital Works Program	\$408,125	\$105,613	\$302,512
d) Major Road Construction Program	\$830,744	\$8,060	\$822,684
e) Slab Path Replacement	\$50,000	\$233,758	(\$183,758)
f) Blackspot Projects	\$204,600	\$118,521	\$86,079
Other Works variances – not material	\$112,560	\$103,470	\$9,090
	<u>\$2,092,585</u>	<u>\$702,370</u>	<u>\$1,390,215</u>

- a) Favourable timing variances arose across a number of projects within the program including Road Preservation - Asphalt Overlay \$53,509, Eddystone Avenue - Eagle Street to Whitfords Avenue \$36,274 and Outlook Drive \$24,793.
- b) Work on the detailed designs for a number of projects is progressing behind budget phasing including Penistone Park - Facility Redevelopment \$74,791, Sorrento Beach Enclosure \$5,000, Percy Doyle - Tennis Clubrooms \$3,100 and Soccer Clubrooms \$6,700.
- c) The timing of supplier invoices generated favourable timing variances for Timberlane Park Hall Upgrade \$243,061 which is 95% complete and Joondalup Library and Civic Centre Lift Upgrade \$61,380.
- d) Favourable timing variances arose for Ocean Reef Road, Marmion Avenue - Swanson Avenue \$802,145 and Whitfords Avenue Upgrades \$15,794.
- e) This unfavourable variance is due to Robertson Road Cycleway Path Upgrade (\$182,405) which is progressing ahead of schedule
- f) A favourable variance arose of \$150,000 for Oceanside Promenade due to budget phasing which will be adjusted next month. This is partly offset by an unfavourable variance for Joondalup Drive / Shenton Avenue Lighting Upgrade (\$67,189) which is a 2015-16 project and is funded from carried forward funds from the previous financial year.

## 12. 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.

## 13. Proceeds from Disposal

The timing of the disposal of surplus land holdings and Fleet and Plant assets generated unfavourable variances of (\$2,451,000) and (\$37,108) respectively.



#### 14. 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.

#### 15. Closing Funds

	June 2016	June 2017
<b>Current Assets</b>		
Cash Assets	\$86,410,817	\$86,224,653
Rates and Sundry Debtors	\$2,447,395	\$125,141,523
GST Receivable	\$1,280,097	\$637,671
Accrued Income	\$1,340,149	\$895,165
Advances and Prepayments	\$391,921	\$392,500
	\$91,870,379	\$213,291,512
<b>Less: Current Liabilities</b>		
Creditors	(\$3,264,140)	(\$966,879)
Sundry Payables	(\$939,058)	(\$20,099,045)
Provisions - Annual Leave	(\$4,172,735)	(\$4,124,804)
Provisions - Other	(\$8,079,290)	(\$8,639,537)
Accrued Expenses	(\$4,833,905)	(\$4,314,293)
Income in Advance	(\$1,951,216)	-
Borrowings	(\$2,126,295)	(\$1,936,577)
GST Payable	(\$414,268)	(\$164,941)
	(\$25,780,907)	(\$40,246,076)
<b>Net Current Assets</b>	<b>\$66,089,472</b>	<b>\$173,045,436</b>
<b>Add: Borrowings</b>	<b>\$2,126,295</b>	<b>\$1,936,577</b>
<b>Less: Cash Backed Reserves (subject to 2015-16 end of year finalisation)</b>	<b>(\$65,680,795)</b>	<b>(\$65,680,795)</b>
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$2,534,972</b>	<b>\$109,301,218</b>