



City of
Joondalup

City of Joondalup

Financial Activity Statement for the
Period Ended 31 July 2017

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	Notes	Adopted Budget	YTD Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(96,952,818)	(96,747,818)	(96,674,743)	(73,075)	(0)%
Specified Area Rates		(589,482)	(589,482)	(589,483)	1	0%
Grants and Subsidies	2	(3,983,552)	(220,000)	(4,636)	(215,364)	(98)%
Contributions Reimbursements and Donations	3	(869,387)	(15,821)	(27,077)	11,256	71%
Profit on Asset Disposals	4	(1,493,563)	(120,415)	-	(120,415)	(100)%
Fees and Charges	5	(40,525,044)	(22,450,474)	(22,567,947)	117,473	1%
Interest Earnings	6	(3,108,951)	(204,779)	(227,823)	23,044	11%
Other Revenue/Income	7	(146,448)	(143,688)	(122,752)	(20,936)	(15)%
Total Operating Revenue		(147,669,244)	(120,492,477)	(120,214,461)	(278,016)	(0)%
OPERATING EXPENSES						
Employee Costs	8	64,934,762	6,101,920	6,195,253	(93,333)	(2)%
Materials and Contracts	9	51,846,987	4,385,585	3,110,287	1,275,298	29%
Utilities (gas, electricity, water etc.)	10	5,706,215	473,754	542,152	(68,398)	(14)%
Depreciation & Amortisation of Non-Current Assets	11	28,989,014	2,420,403	2,605,969	(185,566)	(8)%
Loss on Asset Disposals	12	670,524	55,877	-	55,877	100%
Interest Expenses	13	662,030	57,771	47,561	10,210	18%
Insurance Expenses	14	1,542,342	872,189	783,810	88,379	10%
Total Operating Expenses		154,351,874	14,367,500	13,285,032	1,082,468	8%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,682,630	(106,124,977)	(106,929,429)	804,452	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(28,989,014)	(2,420,403)	(2,605,969)	185,566	8%
Loss on Asset Disposal		(670,524)	(55,877)	-	(55,877)	(100)%
Profit on Asset Disposals		1,493,563	120,415	-	120,415	100%
Other Non-Current items						
Movement in Non-current Items	15	(100,000)	(100,000)	(86,105)	(13,895)	(14)%
OPERATING CASH (SURPLUS)/DEFICIT		(21,583,345)	(108,580,841)	(109,621,503)	1,040,662	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	16	(9,026,605)	(176,000)	(555,347)	379,347	(216)%
Capital Contributions		-	-	-	-	0%
Equity Distribution - TPRC		(666,667)	-	-	-	0%
Total Non-Operating Revenue		(9,693,272)	(176,000)	(555,347)	379,347	216%
CAPITAL EXPENDITURE						
Capital Projects	17	6,903,691	627,892	99,319	528,573	84%
Capital Works	18	33,684,227	1,187,887	739,624	448,263	38%
Vehicle and Plant Replacements	19	3,201,000	675,000	1,785	673,215	100%
Loan Repayment Principal		3,004,841	195,183	195,183	-	0%
Equity Investments		47,443	-	-	-	0%
Total Capital Expenditure		46,841,202	2,685,962	1,035,911	1,650,051	61%
CAPITAL (SURPLUS)/DEFICIT		37,147,930	2,509,962	480,564	2,029,398	81%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,564,585	(106,070,879)	(109,140,939)	3,070,060	3%
FUNDING						
Proceeds from Disposal	20	(6,150,700)	(452,517)	-	(452,517)	(100)%
Loans - New Borrowings		-	-	-	-	-
Transfer from Trust		(95,000)	-	-	-	-
Transfer from Reserve		(18,709,313)	-	-	-	-
Transfer to Reserve		9,831,030	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds	21	(440,602)	(440,602)	(4,105,661)	3,665,059	832%
CLOSING FUNDS	22	(1)	(106,963,998)	(113,246,600)	6,282,602	6%



Investment Summary

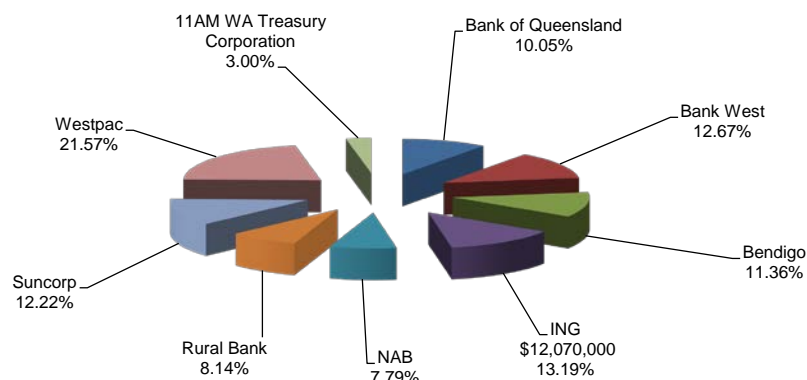
CITY OF JOONDALUP
July-17

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	2.65%	2.65%	\$ 9,200,000	10.05%	10%
AA-	A-1+	Bank West	Term Deposit	2.52%	2.52%	\$ 11,590,000	12.67%	25%
A-*	A-2	Bendigo	Term Deposit	2.62%	2.62%	\$ 10,400,000	11.36%	10%
A-*	A-2	ING	Term Deposit	2.66%	2.66%	\$ 12,070,000	13.19%	10%
AA-	A-1+	NAB	Term Deposit	2.60%	2.60%	\$ 7,130,000	7.79%	25%
A-*	A-2	Rural Bank	Term Deposit	2.69%	2.69%	\$ 7,450,000	8.14%	10%
A+	A-1	Suncorp	Term Deposit	2.62%	2.62%	\$ 11,185,000	12.22%	15%
AA-	A-1+	Westpac	Term Deposit	2.85%	2.85%	\$ 19,740,000	21.57%	25%
AA+	A-1+	11AM WA Treasury Corporation		1.45%	1.45%	\$ 2,745,000	3.00%	25%
Total Investment Portfolio				2.63%	2.63%	91,510,000	100.00%	
Municipal Funds						28,060,975		
Reserve Funds (Subject to 2016-17 end of year finalisation)						63,449,025		
						91,510,000		

Overall Portfolio Limits		Value\$	% Current	% Limit
Long Term	Short Term			
AA	A-1+	41,205,000	45.0%	100%
A	A-1	11,185,000	12.2%	50%
A	A-2	39,120,000	42.7%	40%

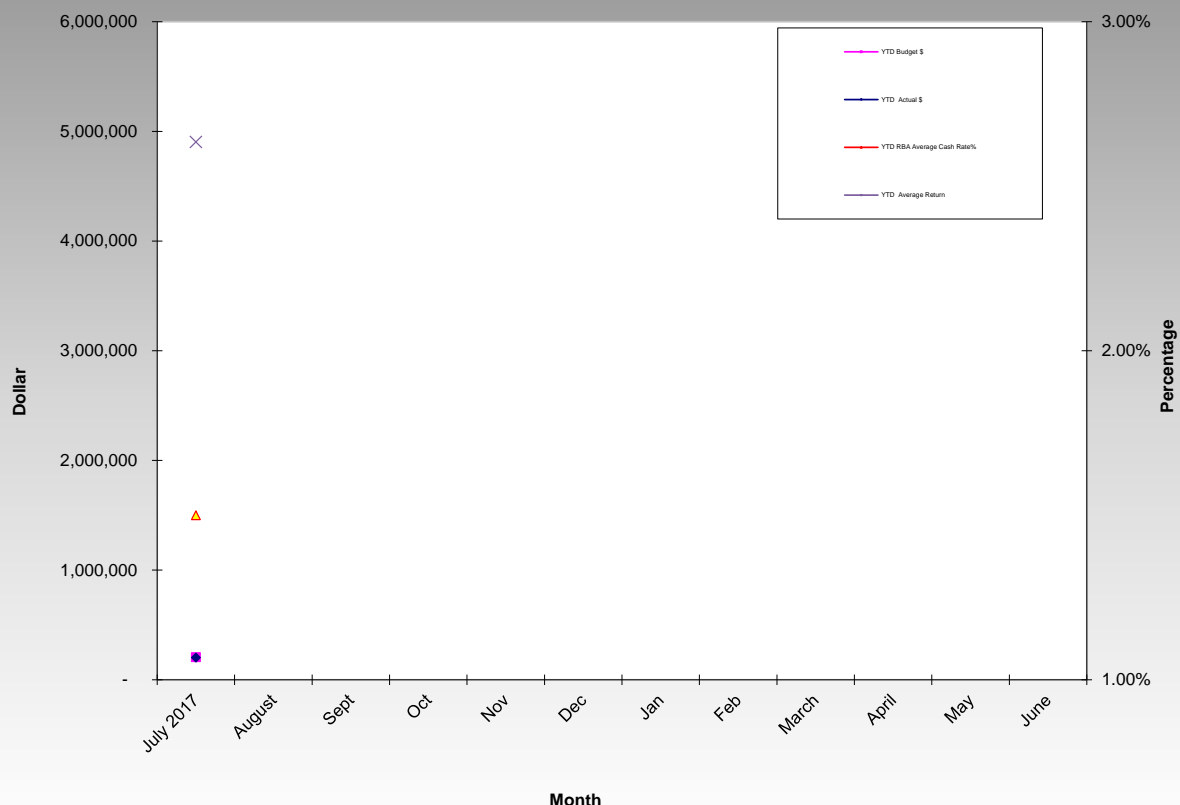
* S&P Long Term Rating BBB, Based on the investment policy the Long Term Rating Used is (A-) Based on Moody's and Fitch Rating

City of Joondalup - Investment Balances



Month	Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD RBA Average Cash Rate%	YTD Average Return
July 2017	204,779	200,783	204,779	200,783	1.50%	2.63%

Return on Investments



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE
PERIOD ENDED 31 JULY 2017**

1. General Rates

Rates income is below budget as a result of adjustment to Gross Rental Values (GRV) of certain properties, budget will be adjusted in the Mid Year Budget Review.

2. Grants and Subsidies

This unfavourable timing variance arose mainly from KidSport (\$150,000), Clubs in Focus (\$50,000) and SES 2017/18 Operating Grant (\$20,000). The balances of variances are spread across other areas.

3. Contributions, Reimbursements and Donations

This favourable variance predominantly arose from unbudgeted Insurance Reimbursements \$14,169 partially offset by lower than anticipated Other Miscellaneous Reimbursements for Fleet Management (\$4,167).

4. Profit on Asset Disposals

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

5. Fees and Charges

	YTD Budget	YTD Actual	Variance
a) Hire and Rentals	\$94,042	\$6,867	(\$87,175)
b) Sports and Recreation Fees	\$605,594	\$710,106	\$104,512
c) Refuse Charges	\$20,270,672	\$20,343,844	\$73,172
Other Fees and Charges	\$1,480,166	\$1,507,130	\$26,964
	<u>\$22,450,474</u>	<u>\$22,567,947</u>	<u>\$117,473</u>

- a) This unfavourable timing variance predominantly arises from Property Rentals (\$86,179).
- b) This includes favourable variances for Admission Fees \$30,525, Membership Fees \$30,493, Learn to Swim Program \$28,328 and the Hire of Facilities \$11,232. The balances of variances are spread across other areas.
- c) This favourable timing variance mainly arose from fees collected for Domestic Refuse Removal \$73,002.

6. Interest Earnings

A favourable variance arose for Interest on Instalments \$26,944 partially offset by an unfavourable variance for Interest from Investments (\$3,901).

7. Other Revenue / Income

This unfavourable variance arose from Insurance Rebates (\$58,346), as rebates expected in July will be received in two stages, with the remainder in October. This is partially offset by a favourable timing variance for Adshel Advertising Revenue \$37,802.

8. Employee Costs

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$5,030,512	\$5,173,221	(\$142,709)
b) Other Employment Costs	\$1,071,408	\$1,022,032	\$49,376
	<u>\$6,101,920</u>	<u>\$6,195,253</u>	<u>(\$93,333)</u>

a) The variance is driven by the movements in Provision for Employee Entitlements which is dependent upon the timing of leave taken. This was partially offset by a lower Basic Salaries and Wages mainly due to vacant positions across various areas. The balances of variances are spread across other areas.

b) This favourable timing variance for Other Employment Costs arose predominantly from the Fringe Benefits Tax allocation \$54,169, which is expected to even out in the next month. The balances of variances are spread across a number of other areas.

9. Materials and Contracts

	YTD Budget	YTD Actual	Variance
a) External Service Expenses	\$1,665,447	\$990,337	\$675,110
b) Computing	\$293,965	\$203,274	\$90,691
c) Travel, Vehicles & Plant	\$281,208	\$165,230	\$115,978
d) Furniture, Equipment and Artworks	\$153,034	\$68,761	\$84,273
e) Waste Management Services	\$661,000	\$483,650	\$177,350
f) Contributions and Donations	\$264,352	\$138,535	\$125,817
Other Materials and Contracts	\$1,066,579	\$1,060,500	\$6,079
	<u>\$4,385,585</u>	<u>\$3,110,287</u>	<u>\$1,275,298</u>

a) External Contractors and Services expenditure is \$583,657 below budget. This includes favourable timing variances for Parks \$176,322, Building Maintenance \$150,453, Engineering Maintenance \$67,778, Civil Projects Management Services \$46,335, Landscaping and Conservation Services \$44,260, Marketing \$39,618 and Leisure Centres \$29,193. The balances of variances are spread across a number of areas.

b) This includes favourable timing variances for Computer Software Maintenance \$58,262 and Computer Software Licences \$20,818.

- c) A favourable variance arose for Vehicle Licensing \$71,226 as a result of the recent decision by State Government to exempt Local Governments from the registration fee component of annual vehicle licensing fees. The budget will be adjusted accordingly in the Mid Year Budget Review. In addition favourable timing variances arose for Parts and Repairs \$18,835, Fuel \$12,911 and Vehicle Servicing Costs \$11,128.
- d) Favourable timing variances arose for Plant and Equipment Maintenance and Repair \$39,055, Plant and Equipment Purchases - Minor \$26,400 and Furniture and Office Equipment Purchases – Minor \$9,677.
- e) This favourable timing variance arose predominantly from Greens Waste Collection and Processing \$131,318 and Bulk Hard Waste Collection and Processing \$46,305.
- f) This favourable timing variance arose predominantly from Sponsorship \$201,878 and Grant Disbursements \$23,831 partially offset by Grants and Contributions Made (\$93,467).

10. Utilities

Electricity costs are (\$36,963) above budget including an unfavourable variance for Buildings (\$45,764) partially offset by a favourable variance for Parks \$11,765. In addition an unfavourable timing variance arose for Water Costs (\$33,884).

11. Depreciation & Amortisation of Non-Current Assets

Unfavourable variances arose due to revaluation and asset capitalisation at 30 June 2017 for Depreciation – Buildings (\$182,512), Depreciation – Open Reserves (\$67,058) and Depreciation – Drainage Infrastructure (\$27,215) partially offset by a favourable variance for Depreciation – Roads Infrastructure \$160,608 owing to downward valuations at 30 June 2017. These are subject to audit before finalisation. The balances of the variances are spread across a number of areas.

12. Loss on Asset Disposals

This favourable timing variance arose in respect of the disposal of Fleet and Plant \$36,710 and Land Parcels \$19,167.

13. Interest Expense

This favourable variance arose due to the timing of interest of the Bramston Park Loan and the loan establishment to fund extension of the SES Winton Road Facility. This will be revised in the Mid Year Budget Review.

14. Insurance Expense

This favourable variance arose in respect of savings on insurance premiums for Industrial Special Risk \$51,672, Public Liability \$32,578 and Motor Vehicle Insurance \$6,378.

15. Movement in Non-current Items

This timing variance arose in respect of Non-current Long Service Leave Liability movements of \$86,105.

16. Capital Grants and Subsidies

	YTD Budget	YTD Actual	Variance
a) Capital Projects	-	\$303,911	\$303,911
b) Street Lighting Program	-	\$91,945	\$91,945
Other Programs	\$176,000	\$159,491	(\$16,509)
	<u>\$176,000</u>	<u>\$555,347</u>	<u>\$379,347</u>

a) Favourable variances arose from Ocean Reef Marina \$187,826 being reimbursement from LandCorp for project expenditure incurred in 2016/17 and grant funding received for CCTV installation at Collier Pass \$116,085 which was completed in 2016/17.

b) A favourable timing variance arose from grant funding received for Admiral Park Floodlight Upgrade \$91,945 which was anticipated to be received in 2016/17.

17. Capital Projects

	YTD Budget	YTD Actual	Variance
a) Joondalup Performing Arts and Cultural Facility	\$411,574	\$11,062	\$400,512
b) Pool Tiles Replacement Craigie Leisure Centre	\$100,000	-	\$100,000
Other Projects	\$116,318	\$88,257	\$28,061
	<u>\$627,892</u>	<u>\$99,319</u>	<u>\$528,573</u>

a) This favourable variance is due to the Council decision not to initiate the design development phase of this project at this time.

b) Timing of this project has been deferred to later in the year. Budget will be adjusted during the Mid Year Review.

18. Capital Works

	YTD Budget	YTD Actual	Variance
a) Road Preservation/Resurfacing	\$218,301	\$37,816	\$180,485
b) Major Projects Program	\$265,000	\$402,626	(\$137,626)
c) Streetscape Enhancement Program	\$300,000	\$7,675	\$292,325
d) Major Road Construction Program	\$167,333	\$36,760	\$130,573
e) Parking Facilities Program	-	\$162,948	(\$162,948)

f) Stormwater Drainage Program	\$110,653	\$36,516	\$74,137
Other Programs	\$126,600	\$55,283	\$71,317
	<u>\$1,187,887</u>	<u>\$739,624</u>	<u>\$448,263</u>

- a) Favourable timing variance arose across a number of projects within the program including the Main Roads WA Road Rehabilitation Program \$29,301, Protea Street \$19,862 and Blackbutt Drive \$10,000. In addition the timing variance arose for Inventory and Condition Data Collection project \$75,000 which is awaiting invoices.
- b) Favourable timing variances occurred across the program, mainly due to Joondalup Administration Building Major Refurbishment (\$116,160) and Penistone Park – Facility Redevelopment (\$30,800).
- c) Favourable timing variance arose in the Arterial Roads Landscape Upgrade Program \$193,049, which is 29% constructed, and Leafy City Program \$99,275 with \$305,063 and \$127,922 commitments raised respectively.
- d) This favourable variance is predominantly due to the Ocean Reef Road – Marmion Avenue to Swanson Way Roundabout \$132,481 which is completed and awaiting final invoices to be paid.
- e) This unfavourable variance is a result of projects being funded from funds brought forward from the previous financial year including Chesapeake Way on-street Parking (\$183,560) and Forest Park Additional Parking (\$6,788).
- f) Favourable variances arose across the program including Addison Way \$25,000, Forest Park Sump Beautification \$30,036 which is 95% completed with final invoices to be paid in the coming months. Additional favourable variance arose for Blackbutt Drive Drainage Upgrade \$25,000 which is due to commence in the coming months.

19. Vehicle and Plant Replacements

This favourable variance for Fleet and Plant purchases includes a number of items which are progressing behind budget phasing, including a compactor truck, two tractors, four vans and two utilities at a combined value of \$600,315. Orders totalling \$391,599 are currently awaiting delivery.

20. Proceeds from Disposal

The timing of the disposal of surplus land holdings generated this unfavourable variance.

21. Opening Funds

The variation in the closing funds for the period ended 30 June 2017 is prior to end of year adjustments being processed. The final balance will be available after the Financial Statements for 2016-17 have been audited.

22. Closing Funds

	June 2017	July 2017
Current Assets		
Cash and Investments	\$91,037,865	\$91,406,284
Rates Outstanding, Sundry Debtors and Other Receivables	\$5,805,218	\$131,004,744
Accrued Income	\$967,074	\$932,312
Prepayments	\$10,653	\$495,330
Inventories	\$144,976	\$144,780
Total Current Assets	\$97,965,786	\$223,983,450
Current Liabilities		
Trade Creditors	\$3,786,997	\$601,753
Sundry Payables	\$3,409,014	\$24,906,621
Accrued Expenses	\$4,741,380	\$4,371,988
Other Payables	\$2,107,983	-
Borrowings	\$3,084,740	\$2,889,557
Provision for Annual Leave	\$4,366,612	\$4,460,100
Provision for Long Service Leave	\$5,556,288	\$5,719,857
Provision for Workers Compensation Insurance	\$3,677,947	\$4,464,012
Provision for Sick Leave	\$1,011,844	\$1,010,149
Other Provisions	\$59,320	\$59,629
Total Current Liabilities	\$31,802,125	\$48,483,666
Net Current Assets	\$66,163,661	\$175,499,784
Add back: Borrowings	\$3,084,740	\$2,889,557
Less: Cash Backed Reserves (subject to 2016-17 end of year finalisation)	\$63,512,904	\$63,512,904
Less: Non Current Long Service Leave	\$1,629,836	\$1,629,836
Closing Funds – Surplus/(Deficit)	\$4,105,661	\$113,246,601