



*Financial Activity Statement for
the Period Ended
31 May 2007*

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Financial Activity Statement for the period ended 31 May 2007

	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		52,448,139	52,445,139	52,595,527	150,388	0
Rates - Specified Area		134,724	134,724	135,242	518	0
Government Grants & Subsidies		8,945,460	8,557,965	8,354,523	(203,442)	(2)
Contributions, Reimbursements and Donations	1	7,013,109	964,245	1,063,144	98,899	10
Profit on Asset Disposal		2,990,274	2,965,263	2,931,300	(33,963)	(1)
Fees & Charges		17,966,504	17,457,564	17,920,704	463,140	3
Interest Earnings	2	3,983,299	3,810,022	4,132,472	322,450	8
Other Revenue		174,110	167,110	177,141	10,031	6
		93,655,619	86,502,032	87,310,053	808,021	1
OPERATING EXPENDITURE						
Employee Costs	3	32,723,574	29,893,761	29,164,106	729,655	2
Materials & Contracts		27,696,709	25,210,090	25,170,511	39,579	0
Utilities (Gas, Electricity, Water etc)	4	3,418,602	3,103,146	2,854,408	248,738	8
Depreciation on Non Current Assets		15,640,931	14,325,968	14,315,124	10,844	0
Loss on Asset Disposal	5	311,153	213,508	161,018	52,490	25
Interest Expense		207,142	206,892	191,325	15,567	8
Insurance Expenses		980,848	980,348	964,005	16,343	2
Other Expenses		64,030	64,030	64,030	0	0
		81,042,989	73,997,743	72,884,527	1,113,216	2
SURPLUS/(DEFICIT) FROM OPERATIONS		12,612,630	12,504,289	14,425,526	1,921,237	15
CAPITAL EXPENDITURE						
Purchase of Land	6	2,197,706	2,197,706	2,356,352	(158,646)	(7)
Purchase of Buildings	7	561,667	518,489	81,266	437,223	84
Purchase of Artworks		20,000	10,000	12,960	(2,960)	(30)
Purchase of Furniture & Equipment	8	3,870,161	3,315,868	2,127,644	1,188,224	36
Purchase of Vehicles & Plant	9	3,273,288	1,897,288	1,447,071	450,217	24
Carparking Infrastructure	10	1,097,794	862,587	545,929	316,658	37
Construction of Infrastructure Assets	11	14,114,937	11,764,985	9,228,563	2,536,422	22
SUB TOTAL CAPITAL EXPENDITURE		25,135,553	20,566,923	15,799,785	4,767,138	23
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE		(12,522,923)	(8,062,634)	(1,374,259)	6,688,375	(83)
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,640,931	14,325,968	14,315,124	(10,844)	(0)
Loss on Disposal	5	311,153	213,508	161,018	(52,490)	(25)
Profit on Disposal		(2,990,274)	(2,965,263)	(2,931,300)	33,963	(1)
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal		4,089,905	3,591,705	3,649,830	58,125	2
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(310,025)	(310,025)	0	0
Equity Investment		(3,903,573)	(3,903,573)	(3,882,073)	21,500	(1)
Grant Refund		(80,000)	0	0	0	0
Funded From						
Transfers from Reserves		5,986,425	4,429,099	4,429,099	0	0
Transfers to Reserves	12	(5,975,525)	(1,048,257)	(1,520,704)	(472,447)	45
Opening Funds		12,286,095	12,079,842	12,286,095	206,253	2
Closing Funds	13	6,507,189	18,350,370	24,822,805	6,472,435	35

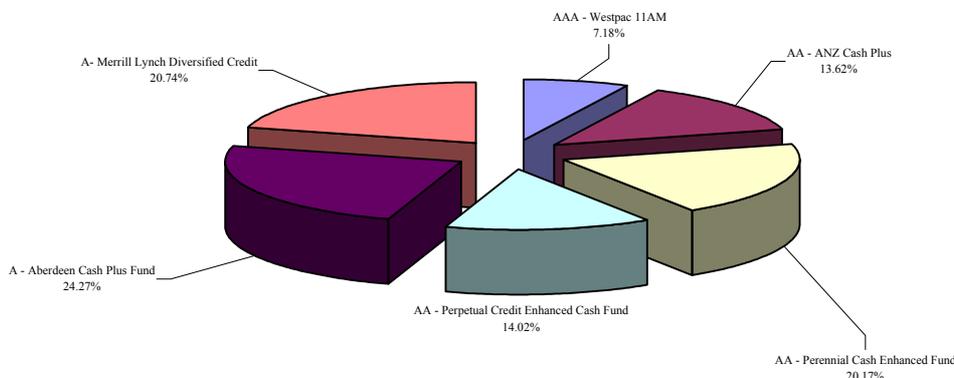


Investment Summary

CITY OF JOONDALUP
May-07

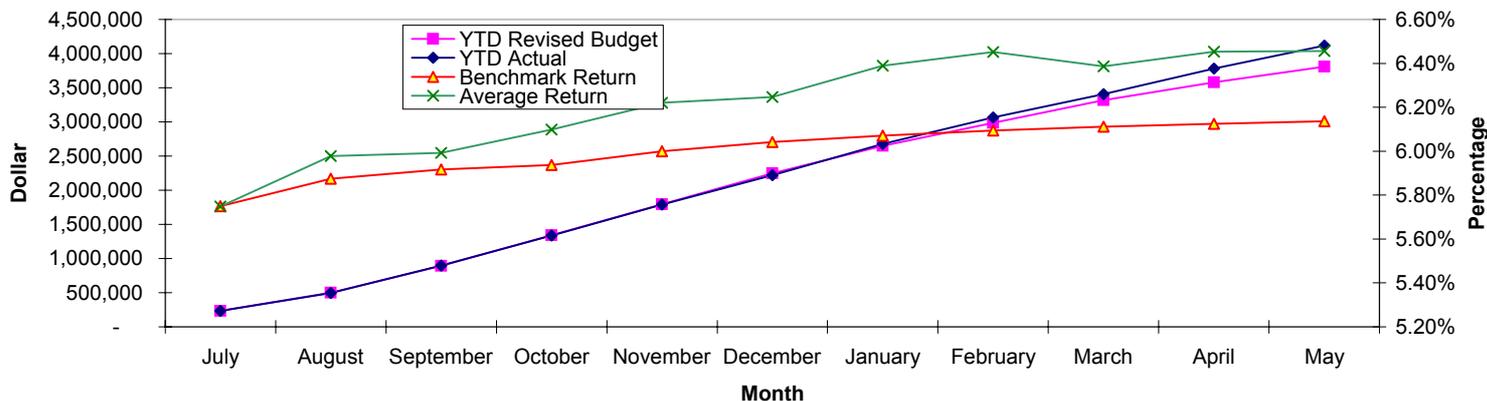
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	5.80%	5.97%	4,190,507	7.18%	50%
AA - ANZ Cash Plus	6.43%	6.36%	7,946,980	13.62%	50%
AA - Perennial Cash Enhanced Fund	6.17%	6.37%	11,764,408	20.17%	50%
AA - Perpetual Credit Enhanced Cash Fund	6.54%	6.27%	8,178,846	14.02%	50%
A - Aberdeen Cash Plus Fund	6.17%	6.35%	14,160,816	24.27%	40%
A - Merrill Lynch Diversified Credit	7.89%	7.54%	12,098,783	20.74%	40%
Total Investment Portfolio	6.50%	6.46%	58,340,340	100.00%	
Municipal Funds			36,964,956		
Reserve Funds			21,375,384		
			58,340,340		

City of Joondalup - Investment Balances



Month	MTD Revised Budget	YTD Revised Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	233,012	233,012	232,303	232,303	5.75%	5.75%
August	266,474	499,486	264,949	497,252	5.88%	5.98%
September	394,028	893,514	399,289	896,541	5.92%	5.99%
October	447,986	1,341,500	439,449	1,335,990	5.94%	6.10%
November	453,021	1,794,521	452,097	1,788,086	6.00%	6.22%
December	453,403	2,247,924	430,941	2,219,028	6.04%	6.25%
January	402,244	2,650,168	456,817	2,675,845	6.07%	6.39%
February	334,693	2,984,861	388,094	3,063,939	6.09%	6.45%
March	332,743	3,317,604	340,951	3,404,890	6.11%	6.39%
April	260,825	3,578,429	376,234	3,781,124	6.13%	6.45%
May	231,593	3,810,022	337,664	4,118,788	6.14%	6.46%

Return on Investments



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 MAY 2007**

1 Contributions, Reimbursements and Donations

The details of the year to date variance for contributions, reimbursements and donations are as follows: -

- a) Printing and photocopying charges recovered internally have been incorrectly allocated to Printing, Photocopying and Postage Reimbursement revenue. This item has been adjusted in June, **\$52k**.
- b) Other minor variances include reimbursement of legal fee from defaulting ratepayers \$20k and \$14k double billing of City of Wanneroo for the Yellangonga Environmental Centre reversed in June and the balance \$13k are made up of various minor items, **\$47k**.

2 Interest Earnings

The City achieved a year to date return on portfolio of 6.46% compared to budgeted return of 6.10%, resulting in increased revenue of **\$307k**.

The additional revenue had resulted from a rate variance of **\$80k** and a volume variance of **\$227k** for a combined variance of **\$307k**.

Income from current account deposit of **\$15k** that had not been budgeted makes up the balance, **\$322k**.

3 Employee Costs

The details of the under-spend in employee costs are as follows: -

a) 2006/07 Establishment vacancies	\$764k
b) Staff Training	\$79k
c) Contract/Agency Labour	(\$167k)
d) Other	<u>\$54k</u>
	730k

a) This variance is due to vacancies in the approved establishment for the following areas:

• Organisational Development	\$27k
• Strategic Development	\$50k
• Library Information Services & Community Development	(\$82k)
• Human Resource Services	\$67k
• Financial Services	\$62k
• Office of the CEO	\$44k
• Approvals, Planning and Environmental Services	\$85k
• Leisure Centres	\$102k
• Infrastructure Management	\$107k
• Operations Services	\$700k
• Operations Administration	(\$409k)
• Others	<u>\$11k</u>
	\$764k

Recruitment of staff continues to prove difficult. Some positions have been advertised multiple times, agencies and professional contacts are also being used to identify potential candidates. The underspend in salary and wages is partly offset by an increase in cost of contract/agency labour (refer item c below).

- b) The variance is due to a delay in the identification and compilation of corporate training requirements (Corporate Training Plan). The plan has now been completed and the variance will begin to be addressed over the next quarter, **\$79k**.
- c) The contract/agency labour variance is primarily due to temporary staff being appointed within the Leisure Centres area and Operations Services to cover vacant positions, **(\$167k)**.
- d) Other minor variances, which are not material and spread across accounts and various cost centres, **\$54k**.

4 Utilities

The variance in utilities is due to an over estimation of electricity costs in the budget. An analysis of electricity usage will be undertaken in financial year 2007-08 in order to better estimate cost for future years, **\$204k**.

Other minor variances of no material significance and spread over various cost centres, **\$45k**.

5 Loss on Disposal

The variance in loss on disposal is due to timing differences. The replacement program for light vehicles is running ahead of schedule resulting in the actual loss on disposal variance to year to date budget. This amount will rectify itself in June, **\$52k**.

6 Purchase of Land

The adverse variance in land purchase reflects extra cost incurred in the purchase of Lot 6 Lawley Court and is expected to be covered by savings in car parking infrastructure works, **\$170k**.

Other minor variances are not material, (**\$11k**).

7 Purchase of Buildings

The underspend is due primarily to the following projects: -

	Budget	Actual	Variance
a) Administration Building Refurbishment	\$110k	\$10k	\$100k
b) Joondalup Library	\$0k	\$9k	(\$9k)
c) Arena Community Sports & Recreation Association Clubrooms	\$237k	\$0k	\$237k
d) Redesign of Council Chambers	<u>\$171k</u>	<u>\$62k</u>	<u>\$109k</u>
	\$518k	\$81k	\$437k

- a) The actual expense of \$10k represents an amount paid for a photocopier wrongly charged to buildings. This item will be adjusted in June. A current plan is underway to make some modifications to the first, second and third floor of the administration building \$110k. Works have commenced using the City's employees and it is anticipated that all funds will be spent by the end of the year, **\$100k**.
- b) Branded window frostings for the City of Joondalup Library budgeted as an operating expense have been wrongly charged to capital. This cost will be adjusted in June, (**\$9k**).
- c) The City and the WA Sports Centre Trust are in the process of finalising a formal agreement before the disbursement of funds for the construction of the clubroom facility at the Arena Joondalup. There is a possibility of this not being completed before the end of this financial year, **\$237k**.

- d) The scope of the Council Chamber redesign has been revised to cover only a modified acoustic system, which is still under consideration. There is a possibility of this project spilling over into the 2007-08 financial year, **\$109k**.

8 Purchase of Furniture and Equipment

The underspend is due primarily to the Universal Recycling Service and other projects as follows: -

	Budget	Actual	Variance
a) Network Infrastructure Maintenance and Upgrades	\$301k	\$89k	\$212k
b) Court Sports Netting	\$25k	\$0k	\$25k
c) Aquatic Turnstiles	\$71k	\$0k	\$71k
d) Corporate PC and Notebook Replacement Program	\$56k	\$31k	\$25k
e) Universal Recycling Service	\$2,115k	\$1,831k	\$284k
f) Computer Room Upgrade Infrastructure Projects	\$200k	\$0k	\$200k
g) 5 Year Major IT Upgrade Plan	\$20k	\$0k	\$20k
h) Asset Management Strategy	\$43k	\$0k	\$43k
i) 50M Pool Feasibility Study	\$30k	\$0k	\$30k
j) Capturing of Approved Building Licence Documents	\$23k	\$0k	\$23k
k) IT Service Management System	\$50k	\$0k	\$50k
l) Spatial Data Management	\$160k	\$0k	\$160k
Other	\$222k	\$177k	\$45k
	<u>\$3,316k</u>	<u>\$2,128k</u>	<u>\$1,188k</u>

- a) There has been a delay in hardware and software purchases due to planning considerations. Nonetheless, delivery of items commenced in May and will continue into financial year 2007-08. The variance should narrow in June when payments are made and \$130k had been included as carried forward in the 2007-08 budget, **\$212k**.
- b) The court netting has been ordered and is pending delivery. Completion is expected towards the end of the financial year, **\$25k**.
- c) Measurements have been completed for the installation of the Aquatic Turnstiles and parts have been purchased. Installation is expected to take place towards the end of June, **\$71k**.
- d) The Corporate PC and Notebook Replacement Program has been completed and payment will take place in June. Actual expenses are expected to exceed the budget by \$4k, **\$25k**.
- e) The Universal Recycling Service project is almost complete and is expected to run below cost. Cost savings of around \$250k are expected once final payment is made at the end of June, **\$284k**.

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- f) The air conditioning tender for the server room has been issued and is currently under evaluation. It is expected that the contract will be awarded in July. The funding for this project has been included as carried forward in the 2007-08 budget, **\$200k**.
 - g) Actual costs of \$9k have been incurred but are operating costs not capital as budgeted. A further \$8k is to be paid in June resulting in overall cost savings of \$3k, **\$20k**.
 - h) The Asset Management Strategy has been budgeted as a capital expense. As at May \$19k has been spent and charged to various operating expense accounts. Further payments are expected to be made in June which should narrow the variance, the balance unspent has been earmarked as carried forward to financial year 2007-08, **\$43k**
 - i) The City has incurred \$22k of consultancy costs, which have been allocated as operational expenditure but will be capitalised if the project proceeds, **\$30k**.
 - j) Costs for the capture of Approved Building Licence Documents were employee costs and have been charged as an operating expense, **\$23k**.
 - k) Project planning activities have commenced to identify procurement options. Procurement stage will occur in financial year 2007/08 with all budgeted funding for this project to be carried forward, **\$50k**.
 - l) The tender process for the Spatial Data Management project is currently being finalised, with the contract to be awarded in June 2007. Expenditure for this project will commence in July. Funding has been included as carried forward in the 2007-08 budget, **\$160k**.

Other various projects that are minor in nature accounts for the balance, **\$45k**.

9 Purchase of Vehicle and Plant

Mobile plant budgeted for in 2006-07 and being carried forward to 2007-08 financial year amounted to \$101k, light vehicle wrongly classified as plant \$64k, plant budgeted in May to be delivered in June totalled \$153k and plant budgeted for and no longer required resulting in cost savings \$61k, **\$379k**.

Light vehicles replaced ahead of schedule amounted to \$255k, light vehicles budgeted for and being carried forward to the 2007-08 financial year amounted to \$220k, item wrongly classified as plant \$64k and minor savings \$24k, **(\$75k)**.

Heavy vehicle budgeted and no longer required resulting in cost savings, **\$146k**.

10 Car Parking Infrastructure

The project for Parking Lot 6 Lawley Court is currently being undertaken and payments will occur as the construction progresses, **\$317k**.

11 Construction of Infrastructure Assets

The details of the underspend in construction of infrastructure assets are as follows: -

	Budget	Actual	Variance
a) Joondalup Council Depot	\$306k	\$246k	\$60k
b) Joondalup Cultural Facility	\$0k	(\$60k)	\$60k
c) Ocean Reef Boat Harbour	\$151k	\$29k	\$122k
d) Road Resurfacing	\$4,771k	\$3,474k	\$1,297k
e) Major Road Construction Program	\$57k	\$218k	(\$161k)
f) Traffic Management	\$1,405k	\$1,120k	\$285k
g) Drainage	\$626k	\$414k	\$212k
h) Street Lighting	\$160k	\$175k	(\$15k)
i) Paths	\$431k	\$253k	\$178k
j) Playground Equipment	\$264k	\$125k	\$139k
k) Parks and Reserves Enhancement	\$521k	\$289k	\$232k
l) Dry Park Development	\$221k	\$164k	\$57k
m) Park Sporting Facilities	\$84k	\$41k	\$43k
n) Streetscape Enhancement	\$141k	\$106k	\$35k
Other	<u>\$2,627k</u>	<u>\$2,635k</u>	<u>(\$8k)</u>
	\$11,765k	\$9,229k	\$2,536k

a) Joondalup Council Depot: -

- Work on this project is behind schedule and demolition work is only expected to commence in mid June. Part of the budget is expected to be carried forward to the 2007-08 financial year, **\$60k**.

b) Joondalup Cultural Facility: -

- The credit against the Joondalup Cultural Facility project reflects the capitalisation of the initial deposit paid in the previous financial year for acquisition of the land. The purchase has been completed this financial year and fully capitalised under Purchase of Land, **\$60k**.

c) Ocean Reef Boat Harbour: -

- The project is not expected to advance further this financial year and the balance of the budget is to be carried forward to the 2007-08 financial year, **\$122k**.

d) Road Resurfacing: -

- There have been delays in commencing the road-resurfacing program due to availability of contractors. The City is exploring possible avenues under current market conditions to implement budgeted programs, **\$1,297k**.

e) Major Road Construction Program: -

- The Metro Regional Road projects have been delayed to coordinate works with the Mitchell Freeway contract. The variance relates to costs for the design component of these works, **(\$161k)**.

f) Traffic Management: -

- All projects have commenced and are at various stages of completion. The variance is expected to narrow as invoices are paid towards the end of the financial year, **\$285k**.

g) Drainage: -

- The City will be paying a contribution of \$100k towards drainage infrastructure carried out by a developer on the Joondalup Gate project by the end of the financial year, savings of \$70k identified on completed projects and other various projects accounts for \$52k variance, **\$212k**.

h) Street Lighting: -

- This overspend relates to the City Centre Street Lighting Energy Efficiency Investigation program carried forward from previous year, **(\$15k)**.

i) Paths: -

- The Joondalup Bike Plan Construction Project for \$105k has been deferred to the 2007-08 financial year. Various other projects in various stages of completion totalling \$73k are expected to narrow the variance at end of the financial year, **\$178k**.

j) Playground Equipment: -

- The underspend for this program is due to the delay in program implementation and the variance is expected to narrow by the end of the financial year, **\$139k**

k) Parks and Reserves Enhancements: -

- Redevelopment Work Stage 3 of Geneff Park Sorrento budgeted for \$40k has been deferred to financial year 2007-08 due to unavailability of sub-contractors, lighting works for Tom Simpson Park Mullaloo have been completed and awaiting invoices 163k and other minor projects amounting to \$29k accounts for the variance, **\$232k**.

l) Dry Park Development: -

- All projects under this program have been completed and below original amount budgeted, **\$57k**.

m) Park Sporting Facilities: -

- The underspend for this program is due to delays in securing contractors for the implementation of the tennis courts resurfacing program and the cricket wickets practice program, **\$44k**.

n) Streetscape Enhancement Program: -

- Actual spending on the City North Tree Restoration Planting Program is running well below budget and is anticipated to result in cost savings of \$30k. Various other projects account for the minor difference \$5k, **\$35k**.

12 Transfers to Reserves

Reserve Account	Budget Transfer to Reserves	Actual Transfer to Reserves	Difference
a) Strategic Asset Management	(\$85k)	(\$555k)	(\$470k)
b) Other Reserves	(\$963k)	(\$966k)	(\$3k)
Total	(\$1,048k)	(\$1,521k)	(\$473k)

- a) Transfers to the Strategic Asset Management Reserve are proceeds from sale of a portion of Lot 3 Trappers Drive Woodvale for vehicle access and associated easements, **(\$470k)**.
- b) Other minor variances, which are not material, **(\$3k)**.

13 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$57,907k
Rates and Sundry Debtors	\$413k
GST Receivable	\$510k
Accrued Income	\$6k
Advances and Prepayments	\$239k
	\$59,075k
<u>Less: Current Liabilities</u>	
Creditors	(\$2,410k)
Provisions	(\$5,917k)
Accrued Expenses	(\$4,391k)
Income in Advance	(\$0k)
GST Payable	(\$79k)
Other- Clearing	(\$81k)
	(\$12,878k)
<u>Less: Restricted Assets</u>	
Reserves	(\$21,375k)
Closing Funds	\$24,822k