



*Financial Activity Statement for  
the Period Ended  
30 April 2007*

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## Financial Activity Statement for the period ended 30 April 2007

	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
<b>OPERATING REVENUE</b>						
Rates		52,448,139	52,440,639	52,569,632	128,993	0
Rates - Specified Area		134,724	134,724	135,208	484	0
Government Grants & Subsidies	1	8,945,460	7,179,575	5,969,402	(1,210,173)	(17)
Contributions, Reimbursements and Donations	2	7,013,109	911,359	1,001,405	90,046	10
Profit on Asset Disposal		2,990,274	2,958,380	2,900,728	(57,652)	(2)
Fees & Charges		17,966,504	16,930,220	17,243,275	313,055	2
Interest Earnings	3	3,983,299	3,578,429	3,793,746	215,317	6
Other Revenue		174,110	160,110	169,742	9,632	6
		93,655,619	84,293,436	83,783,138	(510,298)	(1)
<b>OPERATING EXPENDITURE</b>						
Employee Costs	4	32,723,574	27,025,759	25,730,065	1,295,694	5
Materials & Contracts	5	27,696,709	23,022,957	21,618,259	1,404,698	6
Utilities (Gas, Electricity, Water etc)	6	3,418,602	2,784,597	2,610,146	174,451	6
Depreciation on Non Current Assets		15,640,931	13,009,815	13,010,789	(974)	(0)
Loss on Asset Disposal		311,153	180,193	139,766	40,427	22
Interest Expense		207,142	156,892	173,976	(17,084)	(11)
Insurance Expenses		980,848	979,848	962,808	17,040	2
Other Expenses		64,030	64,030	64,030	0	0
		81,042,989	67,224,091	64,309,839	2,914,252	4
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		12,612,630	17,069,345	19,473,299	2,403,954	14
<b>CAPITAL EXPENDITURE</b>						
Purchase of Land	7	2,197,706	2,197,706	2,356,352	(158,646)	(7)
Purchase of Buildings	8	561,667	475,264	53,762	421,502	89
Purchase of Artworks		20,000	10,000	10,000	0	0
Purchase of Furniture & Equipment	9	3,870,161	3,095,525	1,816,406	1,279,119	41
Purchase of Vehicles & Plant	10	3,273,288	1,539,088	1,390,784	148,304	10
Carparking Infrastructure	11	1,097,794	712,587	543,199	169,388	24
Construction of Infrastructure Assets	12	14,114,937	10,490,504	8,400,303	2,090,201	20
<b>SUB TOTAL CAPITAL EXPENDITURE</b>		25,135,553	18,520,674	14,570,807	3,949,867	21
<b>SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE</b>		(12,522,923)	(1,451,329)	4,902,492	6,353,821	(438)
<b>Adjustments for Non-Cash Movements</b>						
Depreciation on Assets		15,640,931	13,009,815	13,010,789	974	0
Loss on Disposal		311,153	180,193	139,766	(40,427)	(22)
Profit on Disposal		(2,990,274)	(2,958,380)	(2,900,728)	57,652	(2)
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
<b>Adjustments for Other Cash Movements</b>						
Proceeds from Disposal		4,089,905	3,431,805	3,539,260	107,455	3
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(248,211)	(248,211)	0	0
Equity Investment		(3,903,573)	(3,903,573)	(3,882,073)	21,500	(1)
Grant Refund		(80,000)	0	0	0	0
<b>Funded From</b>						
Transfers from Reserves		5,986,425	4,429,099	4,429,099	0	0
Transfers to Reserves	13	(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	14	6,507,189	23,521,004	29,755,785	6,234,781	27



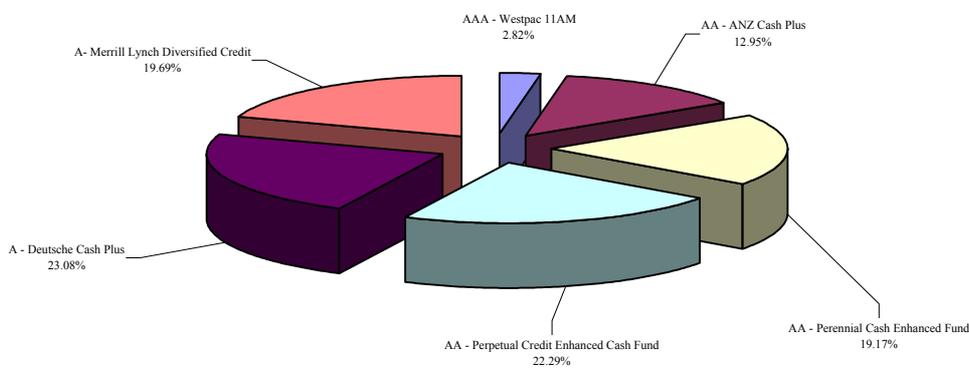
# Investment Summary

CITY OF JOONDALUP  
April-07

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	6.15%	5.98%	1,719,507	2.82%	50%
AA - ANZ Cash Plus	6.89%	6.36%	7,903,817	12.95%	50%
AA - Perennial Cash Enhanced Fund	6.90%	6.39%	11,702,872	19.17%	50%
AA - Perpetual Credit Enhanced Cash Fund	6.22%	6.24%	13,607,876	22.29%	50%
A - Deutsche Cash Plus	7.63%	6.40%	14,086,968	23.08%	40%
A- Merrill Lynch Diversified Credit	7.88%	7.48%	12,018,150	19.69%	40%
<b>Total Investment Portfolio</b>	<b>6.95%</b>	<b>6.39%</b>	<b>61,039,190</b>	<b>100.00%</b>	

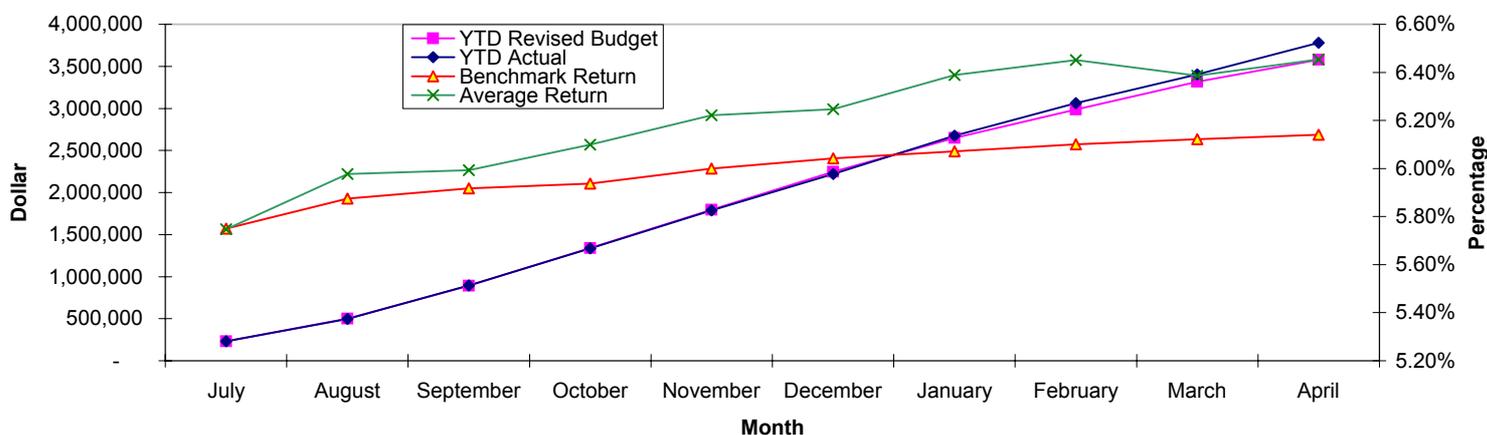
Municipal Funds	39,663,806
Reserve Funds	21,375,384
	<b>61,039,190</b>

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	6.10%	6.45%
March	332,743	3,317,604	340,951	3,404,890	6.12%	6.39%
April	260,825	3,578,429	376,234	3,781,124	6.14%	6.45%

Return on Investments



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDED ON 30 APRIL 2007**

**1 Government Grants & Subsidies**

The details of the year to date variance for government grants and subsidies are as follows: -

	Budget	Actual	Variance
a) Black Spot Funding	\$570k	\$337k	(\$233k)
b) Metro Regional Road Program	\$1,368k	\$993k	(\$375k)
c) Roads to Recovery Program	\$667k	\$0k	(\$667k)
d) COJ Mobile Youth Service	\$0k	\$30k	\$30k
e) Community Abatement Grant	\$0k	\$23k	\$23k
f) Other	<u>\$4,574k</u>	<u>\$4,586k</u>	<u>\$12k</u>
	\$7,179k	\$5,969k	(\$1,210k)

- a) The City has not been able to get contractors to carry out Black Spot Projects for this year due to escalated costs in the construction industry. The grant revenue for these projects will not be received this year, **(\$233k)**.
- b) The Metro Regional Road projects have been delayed to coordinate works with the Mitchell Freeway contract, **(\$375k)**.
- c) This variance is a timing difference between the budgeted and anticipated period of receiving the grant. It is expected that the grant will be received in May and June, **(\$667k)**.
- d) This unbudgeted grant received from the Office of Crime Prevention was applied for in 2003/04 year and was received in this financial year, **\$30k**.
- e) This unbudgeted grant was received from the Department of Environment and Heritage, **\$23k**.
- f) Other minor variances, which are not material, **\$12k**.

## **2 Contributions, Reimbursements and Donations**

The details of the year to date variance for government grants and subsidies are as follows: -

	Budget	Actual	Variance
a) Feasibility Study for Yellagonga Environment Centre	\$0k	\$15k	\$15k
b) Summer Concerts	\$0k	\$40k	\$40k
c) Printing, Photocopying and Postage Reimbursement	\$0k	\$52k	\$52k
d) Other	<u>\$911k</u>	<u>\$894k</u>	<u>(\$17k)</u>
	\$911k	\$1,001k	\$90k

- a) The City of Wanneroo has been invoiced for their contribution to the Yellagonga Environment Centre, which was not envisaged in the budget, **\$15k**.
- b) Sponsorship income for the Valentines Day concert was not budgeted due to the uncertainty of the City's involvement at the time the 2006/07 budget was prepared, **\$40k**.
- c) Internal charges for printing and photocopying charges have been incorrectly allocated to Printing, Photocopying and Postage Reimbursement revenue and will be corrected in May, **\$52k**.
- d) Other minor variances, which are not material, **\$17k**.

## **3 Interest Earnings**

The City received a year to date portfolio return of 6.45% compared to budgeted return of 6.09%, resulting in increased revenue of **\$215k**.

## **4 Employee Costs**

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

a) 2006/07 Establishment vacancies	\$1,265k
b) Staff Training	\$96k
c) Contract/Agency Labour	(\$129k)
d) Staff Uniforms/Protective Clothing	\$17k
e) Other	<u>\$47k</u>
	\$1,296k

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

• Organisational Development	\$67k
• Strategic Development	\$27k
• Marketing Communication Council Support	\$41k
• Human Resource Services	\$57k
• Financial Services	\$81k
• Office of the CEO	\$60k
• Approvals, Planning and Environmental Services	\$105k
• Community Development	\$167k
• Infrastructure Management	\$204k
• Operations Services	\$670k
• Operations Administration	(\$230k)
• Other	<u>\$16k</u>
	\$1,265k

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, **\$96k**.
- 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, **(\$129k)**.
- d) The staff uniforms/protective clothing variance is primarily due to underspend in Leisure centres and Operations Administration area, **\$17k**.
- e) Other minor variances, which are not material, **\$47k**.

## 5 Materials & Contracts

The details of the under spend in materials and contracts are as follows: -

	Budget	Actual	Variance
a) Professional Fees and Costs	\$386k	\$461k	(\$75k)
b) Public Relations & Corporate Expenditure	\$510k	\$290k	\$220k
c) Consultancy & Contractors	\$900k	\$474k	\$426k
d) Computing Expenditure	\$779k	\$542k	\$237k
e) Contributions & Donations	\$889k	\$712k	\$177k
f) Equipment	\$904k	\$757k	\$147k
g) Books & Publications	\$357k	\$296k	\$61k
h) Land & Buildings	\$52k	\$1k	\$51k
i) Other Service Expenses	\$3,660k	\$3,604k	\$56k
j) Service Charges from Other Councils	\$3,829k	\$3,619k	\$210k
k) Materials	\$7,645k	\$7,732k	(\$87k)
Other	<u>\$3,112k</u>	<u>\$3,130k</u>	<u>(\$18k)</u>
	\$23,023k	\$21,618k	\$1,405k

a) The professional fees and costs variance is due to:

- Requests for legal advice have been higher than anticipated. The commencement of Principal Legal and Compliance Officer should see a reduction in these costs, **(\$56k)**.
- Other minor variance, which are not material, **(\$19k)**.

b) The public relations and corporate expenditure variance is due to:

- Unspent funds for the Travelsmart project will be carried forward to the next financial year, **\$23k**.
- Promotion projects in the Safer Community and City Watch area will be developed later in the financial year, **\$25k**.
- The City is awaiting invoices from the Community News for the Joondalup Festival, **\$55k**.
- The promotion funds for the Summer Concerts are underspent due to a revised strategy, **\$16k**.
- Promotion costs for the Night Markets has been allocated to Advertising and Printing to correctly reflect the nature of the costs, **\$23k**.
- Orders for promotion items for Library projects are in the process of being finalised with delivery expected in June 2007, **\$34k**.
- Other minor variances, which are not material, **\$44k**.

c) The consultancy and contractors variance is due to:

- The consultancy and contractors variance is due to the timing of commissioning consultancy work and the variance is expected to be incurred by the end of the financial year, **\$406k**.

- Other minor variances, which are not material, **\$20k**.
- d) The computing expenditure variance is due to:
- Council Services over the Internet project are yet to commence, **\$28k**.
  - Incorrect allocation of computer software maintenance costs for Business Systems and will be corrected in May, **\$105k**.
  - The software rollout of the Business Objects Dashboard reporting to all managers have been delayed due to slower than planned progress of the pilot program, **\$60k**.
  - The cost of the City's profile i.d. software is yet to be paid **\$25k**.
  - Other minor variances, which are not material, **\$19k**.
- e) The contributions and donations variance is due to:
- Applications will be assessed in May for the Sports Development Fund and funds will be expensed in June, **\$60k**.
  - Actual expenditure for Special Area Rate contributions have been allocated to materials to correctly reflects the nature of the costs, **\$86k**.
  - Other minor variances, which are not material, **\$31k**.
- f) The equipment variance is due to:
- Plans have been agreed for the modifications to the Information Management office space and work will be completed until July, **\$21k**.
  - Orders for a container of bins have been placed by Waste Management Services, **\$13k**.
  - Lower than expected hardware maintenance costs, **\$12k**.
  - Unavailability of plant items required for Parks and Engineering area, **\$41k**.
  - Minor plant equipment purchases for Building Cleaning area will occur subject to availability, **\$12k**.
  - Orders have been placed for computer equipment in the Library area and delivery is expected in June, **\$4k**.
  - Tables and chairs for the Community Centres have been delivered and invoices are expected in May, **\$11k**.
  - Other minor variances, which are not material, **\$33k**.
- g) The books and publications variance is due to:
- Subscription to the profile i.d services is yet to be paid. **\$13k**
  - Library under spent in book purchase compared to budget. Orders have been placed in April and delivery is expected in May/June, **\$8k**.
  - Library also underspent in Subscriptions and payments for lost or damaged books to the Library Board. **\$24k**
  - Various underspend in other areas that are not material, **\$16k**

- 
- h) Reinstatement costs in the Engineering Maintenance Works area has not yet commenced, **\$50k**.
- i) The other service expenses variance is due to:
- The Pest Control program will commence in May, **\$40k**.
  - Treatment of the Lake Joondalup was not required due to low midge numbers, **\$10k**.
  - Other minor variances, which are not material, **\$6k**.
- j) The service charges from other councils variance is due to:
- Additional external contract costs for the Universal Recycling Service project will flow through as the roll out progresses, **\$203k**.
  - Other minor variances, which are not material, **\$7k**.
- k) The materials variance is due to:
- Major works on leased buildings have been put on hold, including \$100k for a car park at Moolanda Boulevard, **\$159k**.
  - Payment for the recycling collection contract has been delayed due to a misunderstanding with the contractor regarding the timing of invoice submissions. This is a lump sum contract and will be spent by the end of the financial year, **\$107k**.
  - Increase in the market cost of building materials, **(\$347k)**.
  - Actual expenditure for Special Area Rate contributions have been allocated to materials to correctly reflect the nature of the costs, **(\$86k)**.
  - There has been a reduction in City Watch expenditure in particular fuel expenses which will be reassessed in future months, **\$44k**.
  - Other minor variances, which are not material, **\$36k**.

## **6 Utilities**

The variance in utilities is caused by lower than budgeted electricity consumption costs, **\$127k**. This is due to improved efficiency of power consumption.

Other minor variances are not material, **\$47k**.

## **7 Purchase of Land**

The purchase of land at Lot 6 Lawley Court was greater than budgeted, **(\$170k)**.

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

## 8 Purchase of Buildings

The underspend is due primarily to the following projects: -

	Budget	Actual	Variance
a) New Proposal for Building Refurbishment	\$96k	\$0k	\$96k
b) Arena Community Sports & Recreation Association Clubrooms	\$237k	\$0k	\$237k
c) Redesign of Council Chambers	<u>\$143k</u>	<u>\$54k</u>	<u>\$89k</u>
	\$475k	\$54k	\$422k

- a) A current plan is underway to refurbish the first, second and third floor of the administration building. These works have commenced using the City's employees and may continue into the next financial year. It is anticipated that all funds will be spent by the end of the year, **\$96k**.
- b) The funds that were budgeted for expenditure in March have been held pending an agreement being reached between the City and the WA Sports Centre Trust for the construction of a clubroom facility at the Arena Joondalup. These funds are expected to be spent in May and will be of an operating nature, **\$237k**.
- c) The scope of the Council Chamber redesign has been revised to cover only a modified acoustic system, which is still under consideration, **\$89k**.

## 9 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	\$231k	\$55k	\$176k
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	\$1,570k	\$545k
f) Computer Room Upgrade Infrastructure Projects	\$200k	\$0k	\$200k
g) 5 Year Major IT Upgrade Plan	\$20k	\$0k	\$20k
h) Asset Management Strategy	\$39k	\$0k	\$39k
i) 50M Pool Feasibility Study	\$30k	\$0k	\$30k
j) Capturing of Approved Building Licence Documents	\$19k	\$0k	\$19k
k) Spatial Data Management	\$120k	\$0k	\$120k
Other	<u>\$170k</u>	<u>\$160k</u>	<u>\$10k</u>
	\$3,096k	\$1,816k	\$1,279k

- a) There has been a delay in hardware and software purchases of \$95k due to planning considerations. Delivery of items is expected to occur in May and June, **\$176k**.

- b) The court netting has been ordered and is scheduled for installation in June, **\$25k**.
- c) Measurements have been completed for the installation of the Aquatic Turnstiles and parts have been purchased. Installation will take place once the goods have been received. The gates are scheduled to be delivered in May, **\$71k**.
- d) This variance for the Corporate PC and Notebook Replacement Program relates to a timing difference between budget and actual expenditure and the variance will be adjusted in the coming months, **\$25k**.
- e) The City is currently undertaking the Universal Recycling Service project. External contract costs for the project will flow through as the roll out progresses, **\$545k**.
- f) The air conditioning tender for the server room is being finalised for issue in May. A large component of this work will need to be carried forward to the next financial year. New server racks have been ordered at a cost of \$31k and will be received in May, **\$200k**.
- g) IT Project costs are likely to be less than initially estimated. Final costing expected in June 2007, **\$20k**.
- h) EMT adopted the Asset Management Strategy on February 1 2007. Some of the projects identified in the Strategy are currently underway and have not been invoiced as yet. It is expected that this project will be underspent, **\$39k**
- i) A draft report provided to the City with minor amendments being forwarded to the consultant. 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 Capturing of Approved Building Licence Documents have been incorrectly allocated to operating and will be corrected in May, **\$19k**.
- k) The tender process for the Spatial Data Management project is currently being finalised. Expenditure is expected to be incurred in June once a contract has been executed, **\$120k**.

## **10 Purchase of Vehicles and Plant**

Mobile plant deliveries have been delayed until May/June 2007 due to delays in the tender acceptance, **\$218k**.

This has been offset by delivery of Light vehicles has been earlier than expected, **(\$69k)**.

## 11 Car parking Infrastructure

The project for Parking Lot 6 Lawley Court is currently being undertaken and payments will occur as the construction progresses, **\$169k**.

## 12 Construction of Infrastructure Assets

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

	Budget	Actual	Variance
a) Joondalup Council Depot	\$206k	\$151k	\$55k
b) Joondalup Cultural Facility	\$0k	(\$60k)	\$60k
c) Ocean Reef Boat Harbour	\$101k	\$28k	\$73k
d) Road Resurfacing	\$4,276k	\$3,115k	\$1,161k
e) Major Road Construction Program	\$57k	\$218k	(\$161k)
f) Traffic Management	\$1,339k	\$966k	\$373k
g) Drainage	\$626k	\$408k	\$218k
h) Street Lighting	\$124k	\$167k	(\$43k)
i) Paths	\$348k	\$212k	\$136k
j) Playground Equipment	\$224k	\$125k	\$99k
k) Parks and Reserves Enhancement	\$747k	\$610k	\$137k
Other	<u>\$2,442k</u>	<u>\$2,460k</u>	<u>(\$18k)</u>
	<u>\$10,490k</u>	<u>\$8,400k</u>	<u>\$2,090k</u>

### a) Joondalup Council Depot: -

- Consultants have not progressed as expected and accordingly they have not submitted invoices, **\$55k**.

### 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 has not advanced as expected and accordingly expenditure is lower than expected, **\$73k**.

### 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, **\$1,161k**.

**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 the variance will be adjusted in future months, **\$373k**.

**g) Drainage: -**

- The City will be paying a contribution towards drainage infrastructure carried out by a developer by the end of the financial year, **\$218k**.

**h) Street Lighting: -**

- This program is ahead of schedule and the variance will be adjusted in future months, **(\$43k)**.

**i) Paths: -**

- There have been delays due to contractor availability however it is anticipated that works will be completed by the end of the financial year, **\$136k**.

**j) Playground Equipment: -**

- The underspend of this program is due to delays with delivery of materials, **\$99k**

**k) Parks and Reserves Enhancements: -**

- Projects within this program are still currently in the design stage, however will be completed by the end of the financial year, **\$137k**.

**13 Transfers to Reserves**

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

- 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)**.

#### **14 Closing Funds**

	Actual
<b><u>Current Assets</u></b>	
Cash Assets	\$60,832k
Rates and Sundry Debtors	\$1,414k
GST Receivable	\$381k
Accrued Income	\$6k
Advances and Prepayments	\$214k
	\$62,847k
<b><u>Less: Current Liabilities</u></b>	
Creditors	(\$2,470k)
Provisions	(\$5,850k)
Accrued Expenses	(\$3,326k)
Income in Advance	(\$0k)
GST Payable	(\$47k)
Other- Clearing	(\$23k)
	(\$11,716k)
<b><u>Less: Restricted Assets</u></b>	
Reserves	(\$21,375k)
<b>Closing Funds</b>	<b>\$29,756k</b>