



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

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# Financial Activity Statement for period ended 31st July 2007

Appendix A

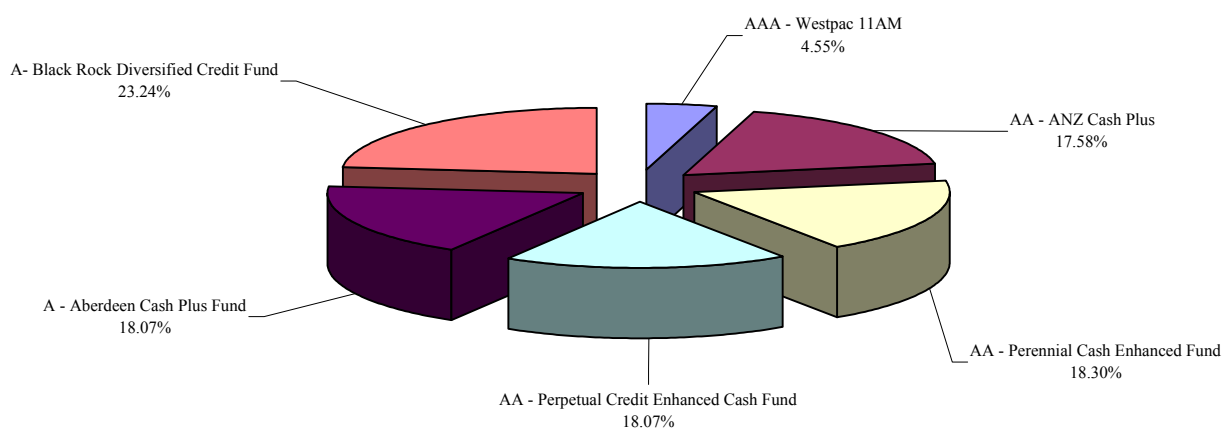
**CITY OF JOONDALUP**  
Period: JUL-07  
Submitted: 31-AUG-07 13:07:14

	Note	Adopted Budget	YTD Budget	YTD Actual	YTD Variance	YTD Variance
OPERATING REVENUE		\$	\$	\$	\$	%
Rates		(56,310,787)	0	3,817	(3,817)	100
Rates Specified Area		(141,353)	0	0	0	0
Government Grants and Subsidies - Operating		(3,364,026)	(102,045)	(139,387)	37,342	(37)
Contributions, Reimbursements & Donations - Operating	1	(668,646)	(41,660)	(97,702)	56,042	(135)
Profit on Disposal	2	(797,242)	0	(56,573)	56,573	100
Fees & Charges		(20,925,240)	(607,005)	(651,487)	44,482	(7)
Interest Earnings	3	(3,258,557)	(234,130)	(167,779)	(66,351)	28
Other Revenue		(115,000)	(8,750)	(7,399)	(1,351)	15
Total Operating Revenue		(85,580,851)	(993,590)	(1,116,510)	122,920	(12)
OPERATING EXPENSES						
Employee Costs	4	35,622,498	2,971,029	2,534,009	437,020	15
Materials & Contracts	5	30,516,132	2,448,747	1,678,491	770,256	31
Utilities		3,409,028	292,152	286,250	5,902	2
Depreciation on Assets		16,310,047	1,369,787	1,386,625	(16,838)	(1)
Loss on Disposal	2	254,756	0	23,096	(23,096)	100
Insurance Expenses		1,049,495	571,293	577,301	(6,008)	(1)
Interest Expenses		297,910	12,549	16,040	(3,491)	(28)
Other Expenses		66,000	0	0	0	0
Total Operating Expenditure		87,525,866	7,665,557	6,501,812	1,163,745	15
(SURPLUS)/DEFICIT FROM OPERATIONS		1,945,015	6,671,967	5,385,301	1,286,666	19
CAPITAL REVENUE						
Capital Grants		(11,604,574)	(280,000)	(278,762)	(1,238)	0
Contributions & Reimbursements - Non Operating		(143,159)	0	0	0	0
Acquired Infrastructure Assets		(5,190,000)	0	0	0	0
Total Capital Revenue		(16,937,733)	(280,000)	(278,762)	(1,238)	0
CAPITAL EXPENDITURE						
Capital Budget - Capital Projects	6	15,252,775	180,000	102,455	77,545	43
Capital Budget - Capital Works	7	23,876,959	0	(566,850)	566,850	100
Motor Vehicle Replacement	2	2,490,500	0	29,395	(29,395)	100
Loan Repayment (Principal)		606,879	17,640	17,640	0	0
Equity Investment		0	0	0	0	0
Total Capital Expenditure		42,227,113	197,640	(417,360)	615,000	311
CAPITAL (SURPLUS)/DEFICIT		25,289,380	(82,360)	(696,122)	613,762	(745)
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE		27,234,395	6,589,607	4,689,179	1,900,428	29
Adjustments for non-cash movements						
Depreciation on Assets		(16,310,047)	(1,369,787)	(1,386,625)	16,838	(1)
Loss on Disposal	2	(254,756)	0	(23,096)	23,096	100
Profit on Disposal	2	797,242	0	4,845	(4,845)	100
FUNDING						
Proceeds from Disposal	2	(1,398,326)	0	(129,955)	129,955	100
Loan Funds		(4,000,000)	0	0	0	0
Carried Forward Works & Motor Vehicle		0	0	0	0	0
Transfer from Reserve		(14,563,910)	0	0	0	0
Transfer to Reserve		9,247,653	0	0	0	0
Transfer to Accumulated Surplus		5,190,000	0	0	0	0
Opening funds		(5,980,367)	(5,980,367)	(7,982,866)	2,002,499	(33)
Closing funds		(38,116)	(760,547)	(4,828,517)	4,067,970	(535)

**CITY OF JOONDALUP**  
**July-07**

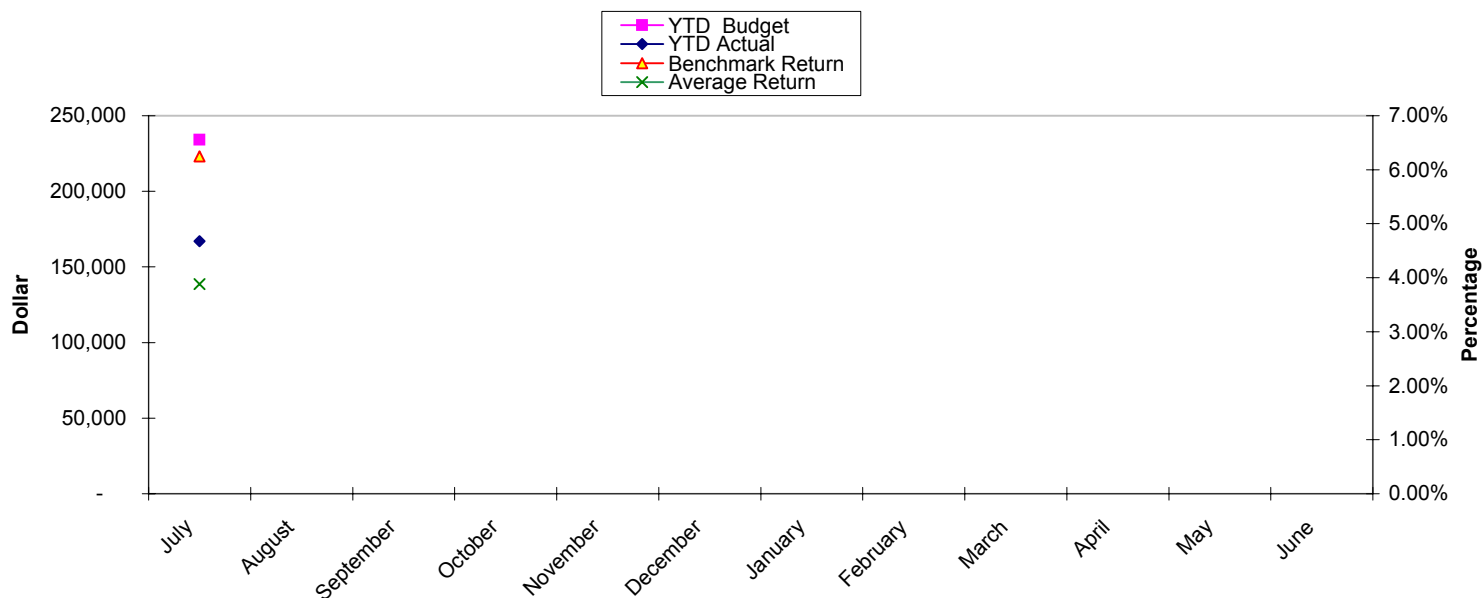
Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	6.15%	6.15%	2,077,507	4.55%	50%
AA - ANZ Cash Plus	5.14%	5.14%	8,023,838	17.58%	50%
AA - Perennial Cash Enhanced Fund	3.07%	3.07%	8,349,608	18.30%	50%
AA - Perpetual Credit Enhanced Cash Fund	4.03%	4.03%	8,247,754	18.07%	50%
A - Aberdeen Cash Plus Fund	3.64%	3.64%	8,248,175	18.07%	40%
A- Black Rock Diversified Credit Fund	3.47%	3.47%	10,688,099	23.42%	40%
<b>Total Investment Portfolio</b>	<b>3.88%</b>	<b>3.88%</b>	<b>45,634,982</b>	<b>100.00%</b>	
<b>Municipal Funds</b>			24,259,598		
<b>Reserve Funds</b>			21,375,384		
			<b>45,634,982</b>		

**City of Joondalup - Investment Balances**



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	234,206	234,206	167,019	167,019	6.25%	3.88%

**Return on Investments**



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

**1 Contributions, Reimbursements and Donations - Operating**

The year to date variance for contributions, reimbursements and donations relates to \$55k (excl GST) invoiced to the Mullaloo Progress Association claiming the full recovery of Supreme Court costs.

**2 Profit and Loss on Disposal**

The year to date variance relates to vehicles and plant disposed of in July 2007 which were part of last year's plant replacement programme but were not included in the 2007/08 budget.

**3 Interest Earnings**

The City received a year to date portfolio return of 3.88% compared to a budgeted return of 6.15%, resulting in reduced revenue of **\$67k**.

The reduced revenue has resulted from an adverse rate variance of **\$86k**, a favourable volume variance of **\$30k** and an adverse combined variance of **\$11k**.

The adverse rate variance has arisen on the Managed Funds reflecting market volatility caused by the sub-prime mortgage market in the US to which the City has no direct exposure. Rates are expected to improve shortly. The volume variance is caused by less expenditure incurred than estimated in the budget.

**4 Employee Costs**

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

a) Vacant Positions	\$290k
b) Contract/Agency Labour	\$140k
c) Other	\$7k
	<hr/>
	\$437k

a) This variance is primarily due to vacant positions in the following areas:

• Community Development Services	\$59k
• Governance Strategy Admin (partially offset by unbudgeted contract labour costs of \$7k)	\$37k
• Library Information Services	\$30k
• Financial Services	\$31k
• Leisure Centres	\$38k
• Infrastructure Management (across all cost centres)	\$50k
• Operations Administration	\$30k
• Others	\$15k
	<u>\$290k</u>

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.

b) The main variance in Contract/Agency labour is in Leisure Centres where there is an underspend against budget of \$124k due to an under provision for the July invoices. This will be corrected in August.

## 5 Materials and Contracts

The details of the underspend in Materials and contract costs are as follows: -

a) Administration	\$122k
b) Computing	\$50k
c) Contributions and Donations	\$124k
d) Equipment Expenditure	\$65k
e) Materials	\$426k
f) Books and Publications	\$57k
g) Travel, Vehicles and Plant	\$94k
h) Land & Buildings Expenditure	\$(181)k
i) Other Service Expenses	\$87k
j) Service Charges from Other Councils (Waste Management)	\$(96)k
k) Other	\$22k
	<u>\$770k</u>

Year to date variances are attributable to the following:

a) The administration variance is due primarily to an underspend in printing costs in the Leisure Centres area (relating to the leisure guide with the costs now expected to be incurred in September) and in the Environmental Waste area (relating to the printing of the tip vouchers and the bulk collection pamphlet distributed with the rates notices).

- b) The computing expenditure variance is primarily due to an overprovision in 2006/07 for computer software licences.
- c) The contributions and donations variance is primarily due to over provision for the 2006/07 deficit relating to the contract with Churches of Christ at Warwick Leisure Centre (\$70k). A final invoice has now been received from Churches of Christ for \$52k which will be reflected in the September report.
- d) The equipment expenditure variance relates mainly to:
- furniture and office equipment \$22k (with the main variance being Indoor Cycling equipment at Craigie Leisure Centre \$6.6k). This is a timing difference with the expenditure still being planned.
  - plant & equipment \$31k (with the main variances being in Environmental Waste Management \$10k for replacement bins) and aerobic equipment at Craigie Leisure Centre \$7.7k). These are timing differences with the expenditure still being planned. A container of replacement bins will be ordered shortly with the costs expected to be incurred in October/November.
- e) The materials variance is due mainly to an underspend on external contract services of \$356k and an underspend on minor building works of \$42k.

The underspend on external contract services relates predominantly to:

- Environmental Waste area \$98k due to an underprovision for the July recycling cart external contract costs from Cleanaway. This has been corrected in August.
- Parks Maintenance (across various locations) \$78k
- Warwick Leisure Centre \$25k where the budget has not been phased evenly over the year.
- Engineering Maintenance Works \$38k
- Building Cleaning Works \$27k
- Building Maintenance Works \$19k
- Building Management & Preservation \$26k
- Other minor variances \$45k

The underspend on minor building works is across a range of buildings. Only works on Duncraig Community Hall have started. Work on other buildings has commenced in August.

- f) The books and publications variance is due to the membership subscription for WALGA which was expensed in August but budgeted in July.
- g) The variance on travel, vehicles and plant is mainly due to timing differences on the fuel expense and parts and repairs costs.

h) The variance on land & buildings expenditure is due to additional costs incurred relating to the development of the car park at Lot 6 Lawley Court. This variance is still under investigation and will be reported upon in August.

i) The variance on other service expenses relates to tipping fees – these were under accrued. This will be fixed in August.

j) The overspend on service charges from other councils is due to an under estimation of accrued expenses in June.

k) Minor variances – not material and spread across various accounts

## 6 Capital Projects

The underspend is due primarily to the following projects: -

	Budget	Actual	Variance
a) Joondalup Works Depot	\$90k	\$0k	\$90k
b) Parking Lot 6 Lawley Court	\$0k	\$11k	\$(11)k
	<u>\$90k</u>	<u>\$11k</u>	<u>\$79k</u>

a) Costs budgeted for July for the Works Depot have been charged to capital works (project 4102) and will be adjusted as appropriate in September (see note 7c).

b) This variance is still under investigation (see note 5h)

## 7 Capital Works

The capital works expenditure for July YTD of \$253k has been offset by the reversal of the end of year accrual of \$820k for capital WIP for 2006/07. Not all expenditure has yet come through in relation to the year end accrual which will therefore need to be re-adjusted in August.

There was no budget for capital works expenditure phased in July. All projects were assumed to be in their design stage. There has been some minor unbudgeted expenditure as follows relating to the final costs coming through on 2006/07 projects

	Budget	Actual	Variance
a) Road Preservation Programme FLRG 06/07 (project 6884)	\$0k	\$103k	\$103k
b) Road Preservation Programme MRDG 06/07 (project 6902)	\$0k	\$67k	\$67k
c) New Works Depot (project 4102) (see note 6a)	\$0k	\$89k	\$89k
d) Joondalup City Centre Parking Strategy Plan (project 6785)	\$0k	\$30k	\$30k
e) Sorrento Tennis Courts (project 2378)	\$0k	\$20k	\$20k



## 8 Closing Funds

	Actual
<b><u>Current Assets</u></b>	
Cash Assets	\$45,642k
Rates and Sundry Debtors	\$1,138k
GST Receivable	\$222k
Accrued Income	\$11k
Advances and Prepayments	\$261k
	\$47,274k
<b><u>Less: Current Liabilities</u></b>	
Creditors	(\$2,422k)
Provisions	(\$5,400k)
Accrued Expenses	(\$3,136k)
Income in Advance	(\$0k)
GST Payable	(\$89k)
Other- Clearing	(\$87k)
	(\$11,134k)
<b><u>Less: Restricted Assets</u></b>	
Reserves	(\$31,312k)
Movement in Long Term Provisions	
<b>Closing Funds</b>	<b>\$4,828k</b>