



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

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Financial Activity Statement for the period ended 31 March 2007

	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		52,448,139	52,428,639	52,564,815	136,176	0
Rates - Specified Area		134,724	134,724	135,186	462	0
Government Grants & Subsidies	1	8,945,460	6,847,555	5,893,620	(953,935)	(14)
Contributions, Reimbursements and Donations	2	7,013,109	859,691	925,566	65,875	8
Profit on Asset Disposal		2,990,274	2,950,231	2,900,728	(49,503)	(2)
Fees & Charges		17,966,504	16,367,738	16,761,967	394,229	2
Interest Earnings		3,983,299	3,317,604	3,415,595	97,991	3
Other Revenue		174,110	153,110	162,342	9,232	6
		93,655,619	83,059,292	82,759,819	(299,473)	(0)
OPERATING EXPENDITURE						
Employee Costs	3	32,723,574	24,234,218	23,290,369	943,849	4
Materials & Contracts	4	27,696,709	20,489,791	20,296,043	193,748	1
Utilities (Gas, Electricity, Water etc)	5	3,418,602	2,469,468	2,283,040	186,428	8
Depreciation on Non Current Assets		15,640,931	11,692,329	11,709,013	(16,684)	(0)
Loss on Asset Disposal		311,153	161,307	140,038	21,269	13
Interest Expense		207,142	156,892	157,082	(190)	(0)
Insurance Expenses		980,848	979,348	960,394	18,954	2
Other Expenses		64,030	64,030	64,030	0	0
		81,042,989	60,247,383	58,900,009	1,347,374	2
SURPLUS/(DEFICIT) FROM OPERATIONS		12,612,630	22,811,909	23,859,810	1,047,901	5
CAPITAL EXPENDITURE						
Purchase of Land	6	2,197,706	2,197,706	2,356,352	(158,646)	(7)
Purchase of Buildings	7	561,667	432,039	42,560	389,479	90
Purchase of Artworks		20,000	10,000	10,000	0	0
Purchase of Furniture & Equipment	8	3,870,161	2,030,932	253,539	1,777,393	88
Purchase of Vehicles & Plant	9	3,273,288	1,264,088	976,518	287,570	23
Carparking Infrastructure	10	1,097,794	562,587	39,648	522,939	93
Construction of Infrastructure Assets	11	14,114,937	8,871,361	7,624,727	1,246,634	14
SUB TOTAL CAPITAL EXPENDITURE		25,135,553	15,368,713	11,303,345	4,065,368	26
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE		(12,522,923)	7,443,196	12,556,465	5,113,269	69
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,640,931	11,692,329	11,709,013	16,684	0
Loss on Disposal		311,153	161,307	140,038	(21,269)	(13)
Profit on Disposal		(2,990,274)	(2,950,231)	(2,900,728)	49,503	(2)
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal	12	4,089,905	3,319,805	3,539,260	219,455	7
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(230,830)	(230,830)	0	0
Equity Investment		(3,903,573)	(3,903,573)	(3,892,823)	10,750	(0)
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	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	30,992,687	36,114,885	5,122,198	17



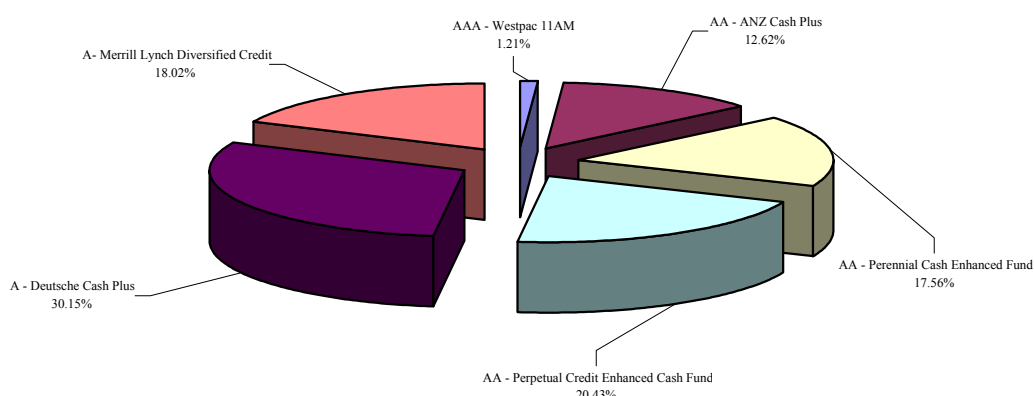
Investment Summary

CITY OF JOONDALUP

March-07

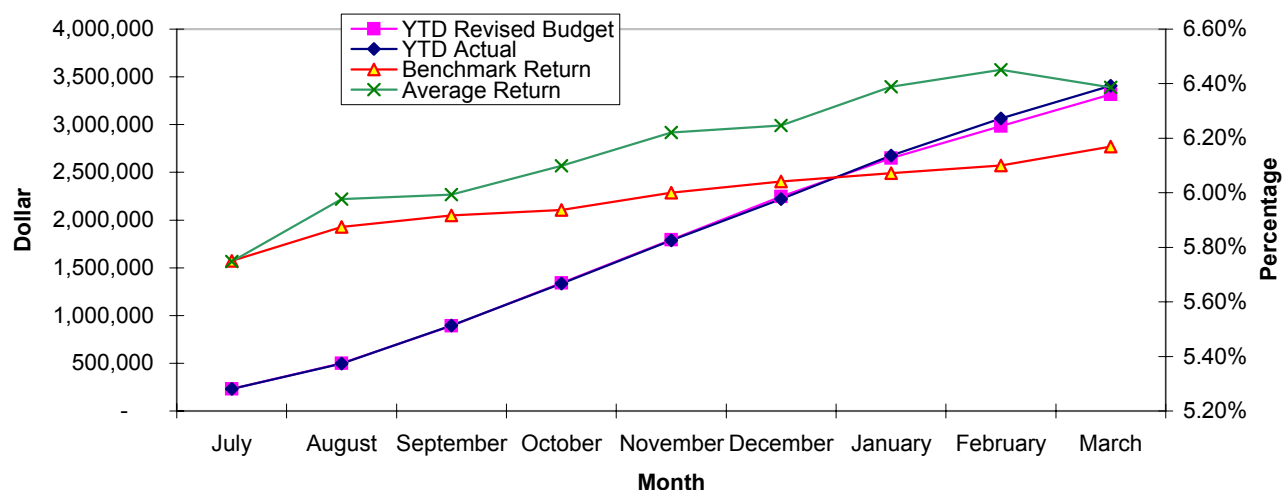
Investment Account	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	801,431	1.21%	50%
AA - ANZ Cash Plus	8,359,581	12.62%	50%
AA - Perennial Cash Enhanced Fund	11,635,623	17.56%	50%
AA - Perpetual Credit Enhanced Cash Fund	13,538,305	20.43%	50%
A - Deutsche Cash Plus	19,975,476	30.15%	40%
A- Merrill Lynch Diversified Credit	11,940,279	18.02%	40%
Total Investment Portfolio	66,250,695	100%	
Municipal Funds	44,875,311		
Reserve Funds	21,375,384		
	66,250,695		

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	6.17%	6.39%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 MARCH 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	\$494k	\$338k	(\$156k)
b) Metro Regional Road Program	\$1,283k	\$993k	(\$290k)
c) Roads to Recovery Program	\$534k	\$0k	(\$534k)
d) COJ Mobile Youth Service	\$0k	\$30k	\$30k
e) Access & Inclusion Plan Implementation	\$24k	\$0k	(\$24k)
f) Local Area Emergency Management Plan AWARE	\$33k	\$50k	\$17k
g) Other	<u>\$4,480k</u>	<u>\$4,483k</u>	<u>\$3k</u>
	\$6,848k	\$5,894k	(\$954k)

- 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, **(\$156k)**.
- b) The Metro Regional Road projects have been delayed to coordinate works with the Mitchell Freeway contract, **(\$290k)**.
- 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, **(\$534k)**.
- 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) The funds received from WALGA for the Joondalup Access & Inclusion Plan Implementation Project was originally budgeted as grant income however the funds were incorrectly received as a contribution and will be corrected in April, **(\$24k)**.
- f) The City has received greater than budgeted grant funds from FESA for the AWARE project. The project is for the emergency management planning for the City & adjacent stakeholders, **\$17k**.
- g) Other minor variances which are not material, **\$3k**.

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) Access & Inclusion Plan Implementation	\$0k	\$24k	\$24k
b) Summer Concerts	\$0k	\$10k	\$10k
c) Joondalup Festival	\$20k	\$38k	\$18k
d) Other	<u>\$840k</u>	<u>\$854k</u>	<u>\$14k</u>
	\$860k	\$926k	\$66k

- a) The funds received from WALGA for the Joondalup Access & Inclusion Plan Implementation Project was originally budgeted as grant income however the funds were incorrectly received as a contribution and will be corrected in April, **\$24k**.
- 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, **\$10k**.
- c) The sponsorship income for the Joondalup Festival has been received earlier than budgeted, **\$18k**.
- d) Other minor variances which are not material, **\$14k**.

3 Employee Costs

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

a) 2006/07 Establishment vacancies	\$1,011k
b) Staff Training	\$72k
c) Contract/Agency Labour	(\$183k)
d) Other	<u>\$44k</u>
	\$944k

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

• Organisational Development	\$66k
• Human Resource Services	\$37k
• Financial Services	\$70k
• Office of the CEO	\$51k
• Approvals, Planning and Environmental Services	\$69k
• Community Development	\$126k
• Infrastructure Management	\$163k
• Operations Services	\$524k
• Operations Administration	(\$128k)
• Other	<u>\$33k</u>
	\$1,011k

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, **\$72k**.
- c) The contract/agency labour variance is primarily due to temporary staff being appointed within the Leisure Centres area, Operation to cover vacant positions, **(\$183k)**.
- d) Other minor variances which are not material, **\$44k**.

4 Materials & Contracts

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

	Budget	Actual	Variance
a) Administration	\$1,119k	\$933k	\$186k
b) Public Relations & Corporate Expenditure	\$415k	\$250k	\$165k
c) Consultancy & Contractors	\$766k	\$393k	\$373k
d) Computing Expenditure	\$714k	\$505k	\$209k
e) Contributions & Donations	\$748k	\$572k	\$176k
f) Equipment	\$847k	\$1,461k	(\$614k)
g) Land & Buildings	\$2k	\$445k	(\$443k)
h) Other Service Expenses	\$3,237k	\$3,084k	\$153k
i) Service Charges from Other Councils	\$3,404k	\$3,279k	\$125k
j) Materials	\$6,875k	\$7,016k	(\$141k)
Other	<u>\$2,363k</u>	<u>\$2,358k</u>	<u>\$5k</u>
	\$20,490k	\$20,296k	\$194k

a) The administration variance is due to:

- A reduction in printing costs due to a reduced number of Annual Reports produced, **\$47k**.
- The City is awaiting a final invoice from the WA Electoral Commission for the Council election costs, **\$27k**.
- Quotes are currently being sought for Library printing costs and it is expected to be completed by May, **\$11k**.
- Printing work for the Craigie Leisure Centre was completed in March with invoices due for payment in April, **\$19k**.
- Costs for the bin buy-back scheme have been incorrectly allocated and will be corrected in April, **\$80k**.
- Other minor variances which are not material, **\$2k**.

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 area will be developed later in the financial year, **\$19k**.
- The Joondalup festival was moved to the last weekend in March and as a result invoices expected to be processed in March will now be processed in April, **\$82k**.
- There has been a delay in delivery of promotion items for Library projects, **\$15k**.
- Other minor variances which are not material, **\$26k**.

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 spent by the end of the financial year, **\$349k**.
- The City is awaiting final invoices for research costs for Cultural Development projects, **\$10k**.
- Other minor variances which are not material, **\$14k**.

d) The computing expenditure variance is due to:

- The City is expecting to receive invoices for computer software maintenance costs for Infrastructure Asset Management Services in the last quarter of the financial year, **\$9k**.
- Council Services over the Internet project are yet to commence, **\$9k**.
- Incorrect allocation of computer software maintenance costs for Business Systems and will be corrected in April, **\$82k**.

- The software rollout of the Business Objects Dashboard has been delayed due to slower than planned progress of the pilot program, **\$60k**.
- Computer software licences for Sustainable Development project will be purchased in April, **\$25k**.
- Other minor variances which are not material, **\$24k**.

e) The contributions and donations variance is due to:

- The March contribution for the Warwick Leisure Centre will be processed in April, **\$15k**.
- Actual expenditure for Special Area Rate contributions have been incorrectly allocated to materials and will be corrected in April, **\$111k**.
- The City is awaiting invoices for sponsorship costs for Bike Hike, TAFE Awards and Twin Cities, **\$29k**.
- Other minor variances which are not material, **\$21k**.

f) The equipment variance is due to:

- Invoices for Corporate PC and Replacement Program will be processed in April, **\$86k**.
- Plans have been agreed for the modifications to the Information Management office space and work will be completed in May/June, **\$11k**.
- Orders for a container of bins have been placed by Waste Management Services, **\$13k**.
- Equipment for the Universal Recycling Service have been incorrectly purchased as operating and will be capitalised in April (see point 8(e)), **(\$818k)**.
- 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**.
- Creche barriers, replacement chairs and painting in the function room will be purchased in May, **\$10k**.
- Other minor variances which are not material, **\$31k**.

g) Costs for the construction of Lot 6 Lawley Court have been incorrectly allocated as operating and will be capitalised in April (see point 10), **(\$444k)**.

h) The other service expenses variance is due to:

- The Pest Control program will commence in May, **\$40k**.
- The Joondalup festival was moved to the last weekend in March and as a result invoices expected to be processed in March will now be processed in April, **\$116k**.
- Other minor variances which are not material, **(\$3k)**.

i) The service charges from other councils variance is due to:

- Outstanding invoices with City of Wanneroo will be resolved in the coming months, **\$87k**.
- Other minor variances which are not material, **\$38k**.

j) 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, **\$142k**.
- Payment for the recycling collection contract has been delayed due to a misunderstanding with the contractor regarding the timing of invoice submissions, **\$100k**.
- Increase in the market cost of building materials. In addition SAR contribution costs have been incorrectly allocated to materials, **(\$443k)**.
- There has been a reduction in City Watch expenditure in particular fuel expenses which will be reassessed in future months, **\$46k**.
- Other minor variances which are not material, **\$14k**.

5 Utilities

The variance in utilities is caused by lower than budgeted electricity consumption costs, **\$181k**. This is due to improved efficiency of power consumption.

Other minor variances which are not material, **\$5k**.

6 Purchase of Land

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

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

7 Purchase of Buildings

The underspend is due primarily to the following projects:-

	Budget	Actual	Variance
a) New Proposal for Building Refurbishment	\$81k	\$0k	\$81k
b) Arena Community Sports & Recreation Association Clubrooms	\$237k	\$0k	\$237k
c) Redesign of Council Chambers	<u>\$114k</u>	<u>\$42k</u>	<u>\$72k</u>
	\$432k	\$42k	\$390k

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, **\$81k**.

- 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) Works have yet to commenced on the redesign of the Council Chambers as options are still being investigated. Any unspent funds will be carried forwarded into 2007/08, **\$72k**.

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	\$181k	\$55k	\$126k
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	\$1,286k	\$7k	\$1,279k
f) Computer Room Upgrade Infrastructure Projects	\$140k	\$0k	\$140k
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
Other	<u>\$183k</u>	<u>\$161k</u>	<u>\$22k</u>
	\$2,031k	\$254k	\$1,777k

- a) There has been a delay in hardware and software purchases of \$95k. Implementation is expected to occur in April to June, **\$126k**.
- b) The court netting has been ordered with electrical work scheduled for completion in April and installation is scheduled for 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 April/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) Equipment for the Universal Recycling Service have been incorrectly charged as operating and will be capitalised in April (see point 4(f)), **\$818k**. Additional external contract costs for the project will flow through as the roll out progresses, **\$461k**.

- f) The air conditioning tender for the server room is being developed and there have been delays with consulting expertise, **\$140k**.
- g) IT Project costs are likely to be less than initially estimated. Final costings expected in May 2007, **\$20k**.
- h) The Asset Management Strategy was adopted by EMT 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. A final draft report will be presented to Council in April. The City has incurred \$18k of consultancy costs which have been allocated as operational expenditure but will be capitalised if the project proceeds, **\$30k**.

9 Purchase of Vehicles and Plant

Orders have been raised for Light and Heavy Vehicles and Plant items and the City is awaiting delivery, **\$288k**.

10 Carparking Infrastructure

Costs for the construction of Lot 6 Lawley Court have been incorrectly allocated as operating and will be capitalised in April (see point 4 (g)), **\$444k**. Additional payments will occur as the construction progresses, **\$79k**.

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	\$196k	\$150k	\$46k
b) Joondalup Cultural Facility	\$0k	(\$60k)	\$60k
c) Ocean Reef Boat Harbour	\$51k	\$28k	\$23k
d) Road Resurfacing	\$3,626k	\$2,800k	\$826k
e) Major Road Construction Program	\$57k	\$183k	(\$126k)
f) Traffic Management	\$1,134k	\$874k	\$260k
g) Drainage	\$481k	\$384k	\$97k
h) Street Lighting	\$88k	\$155k	(\$67k)
i) Major Building Works	\$1,159k	\$1,247k	(\$88k)
j) Playground Equipment	\$185k	\$66k	\$119k
k) Parks and Reserves Enhancement	\$649k	\$534k	\$116k
Other	<u>\$1,245k</u>	<u>\$1,264k</u>	<u>(\$19k)</u>
	\$8,871k	\$7,625k	\$1,247k

a) Joondalup Council Depot:-

- Consultants have not progressed as expected and accordingly they have not submitted invoices, **\$46k**.

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, **\$23k**.

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, **\$826k**.

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, **(\$126k)**.

f) Traffic Management :-

- All projects have commenced and the variance will be adjusted in future months, **\$260k**.

g) Drainage:-

- The City will be paying a contribution towards drainage infrastructure carried out by a developer by the end of the financial year, **\$97k**.

h) Street Lighting:-

- This program is ahead of schedule and the variance will be adjusted in future months, **(\$67k)**.

i) Major Building Works :-

- This variance covers a number of building projects ahead of schedule and the variance will be adjusted in future months, **(\$88k)**.

j) Playground Equipment:-

- The underspend of this program is due to delays with delivery of materials, **\$119k**

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, **\$116k**.

12 Proceeds from Disposal

Proceeds from the sale of light and heavy vehicles and mobile plant have been greater than anticipated, **\$190k**.

Other minor variances which are not material, **\$29k**.

13 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)**.

14 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$65,974k
Rates and Sundry Debtors	\$2,129k
GST Receivable	\$414k
Accrued Income	\$10k
Advances and Prepayments	\$228k
	\$68,755k
<u>Less: Current Liabilities</u>	
Creditors	(\$2,869k)
Provisions	(\$5,850k)
Accrued Expenses	(\$2,446k)
Income in Advance	(\$0k)
GST Payable	(\$75k)
Other- Clearing	(\$25k)
	(\$11,265k)
<u>Less: Restricted Assets</u>	
Reserves	(\$21,375k)
Closing Funds	\$36,115k