

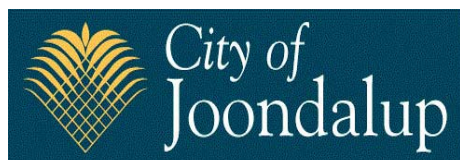


*Financial Activity Statement for
the Period Ended
31 August 2006*

Contents

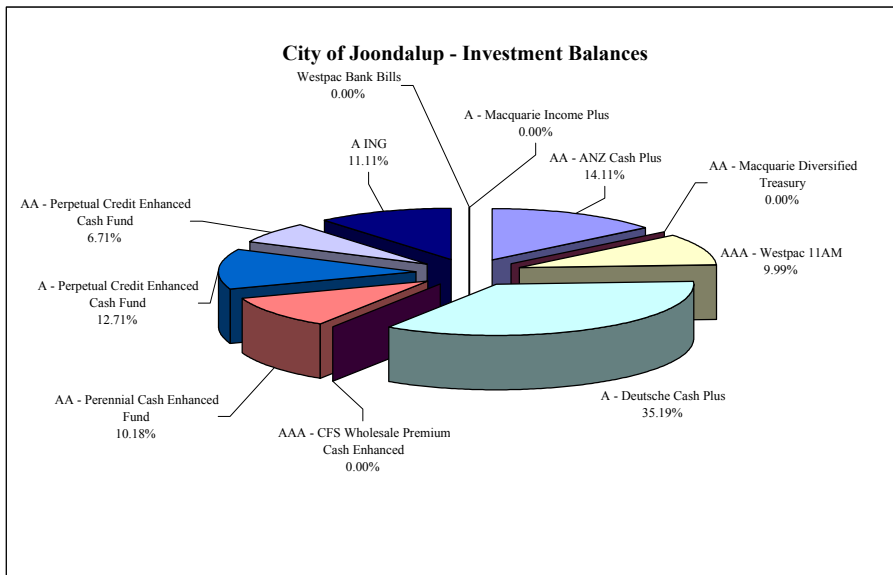
Appendix

Financial Activity Statement	A
Investment Summary	B
Notes to and Forming Part of the Financial Activity Statement	C



Financial Activity Statement for the period ended 31 August 2006

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		52,373,757	51,977,049	51,787,871	(189,178)	(0)
Rates - Specified Area		132,317	132,317	132,317	0	0
Government Grants & Subsidies	1	9,978,916	1,617,250	1,743,846	126,596	8
Contributions, Reimbursements and Donations	2	6,893,369	114,921	169,337	54,416	47
Profit on Asset Disposal		52,674	0	22,805	22,805	100
Fees & Charges		17,052,117	11,485,247	11,957,328	472,081	4
Interest Earnings	3	1,800,000	216,021	499,486	283,465	131
Other Revenue		131,000	21,832	27,520	5,688	26
		88,414,150	65,564,637	66,340,510	775,873	1
OPERATING EXPENDITURE						
Employee Costs	4	33,222,225	5,561,188	4,996,357	564,831	10
Materials & Contracts	5	27,705,835	4,584,869	3,901,449	683,420	15
Utilities (Gas, Electricity, Water etc)		3,329,213	579,535	552,488	27,047	5
Depreciation on Non Current Assets		15,738,343	2,587,824	2,603,375	(15,551)	(1)
Loss on Asset Disposal		273,800	0	7,881	(7,881)	100
Interest Expense		205,717	53,093	38,352	14,741	28
Insurance Expenses		988,771	559,568	557,650	1,918	0
Other Expenses		55,000	0	0	0	0
		81,518,904	13,926,077	12,657,552	1,268,525	9
SURPLUS/(DEFICIT) FROM OPERATIONS						
		6,895,246	51,638,560	53,682,958	2,044,398	4
CAPITAL EXPENDITURE						
Purchase of Land		1,768,000	0	0	0	0
Purchase of Buildings		1,035,000	0	0	0	0
Purchase of Artworks		20,000	0	0	0	0
Purchase of Furniture & Equipment	6	5,094,568	74,000	2,210	71,790	97
Purchase of Vehicles & Plant	7	3,227,600	0	176,330	(176,330)	100
Carparking Infrastructure		932,000	0	0	0	0
Construction of Infrastructure Assets	8	21,319,346	617,292	811,530	(194,238)	(31)
SUB TOTAL CAPITAL EXPENDITURE						
		33,396,514	691,292	990,070	(298,778)	(43)
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE						
		(26,501,268)	50,947,268	52,692,888	1,745,620	3
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,738,343	2,587,824	2,603,375	15,551	1
Loss on Disposal		273,800	0	7,881	7,881	100
Profit on Disposal		(52,674)	0	(22,805)	(22,805)	100
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal	9	1,282,600	0	332,773	332,773	100
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(75,742)	(75,742)	0	0
Funded From						
Transfers from Reserves		9,137,192	0	0	0	0
Transfers to Reserves	10	(5,603,787)	0	(470,000)	(470,000)	100
Opening Funds		12,079,842	12,079,842	12,047,781	(32,061)	(0)
Closing Funds	11	19,023	65,539,192	67,116,151	1,576,959	2



Investment Account	Funds Held
AA - ANZ Cash Plus	\$ 9,447,577
AA - Macquarie Diversified Treasury	-
AAA - Westpac 11AM	6,691,015
A - Deutsche Cash Plus	23,564,562
AAA - CFS Wholesale Premium Cash Enhanced	-
AA - Perennial Cash Enhanced Fund	6,816,721
A - Perpetual Credit Enhanced Cash Fund	8,511,764
AA - Perpetual Credit Enhanced Cash Fund	4,493,544
A - ING	7,436,970
A - Macquarie Income Plus	0
Westpac Bank Bills	-
Total Funds held in AA + A Investments	66,962,152

Total 66,962,152

Amount included in total funds invested that relate to reserves:

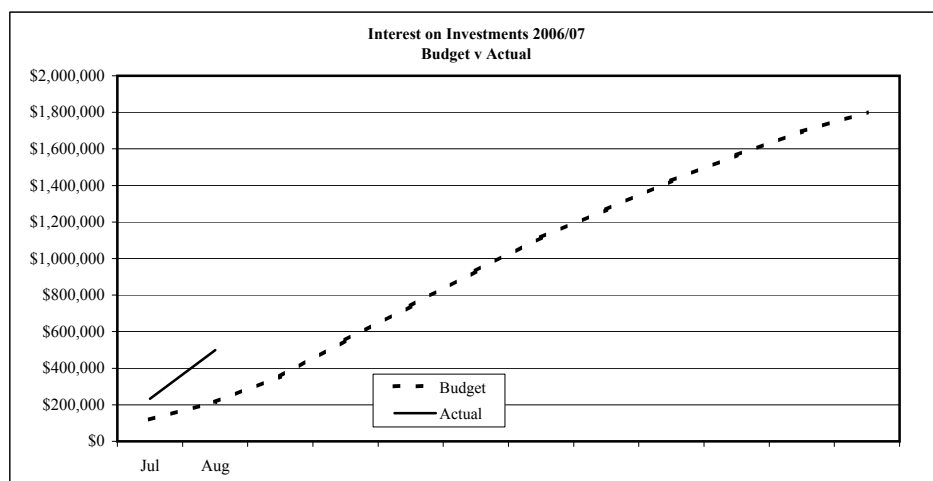
\$ 24,753,776

Other Comments

Investments are in accordance with Council Policy. Maximum investment with any one institution :

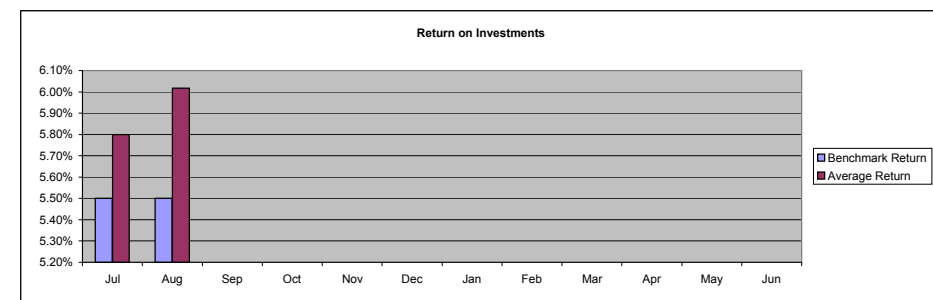
No breach of City Policy 8-9 has occurred during the month.

'A' not to exceed 40%
'AA' not to exceed 50%



Return on Investments

Year to Date Interest:	Budget \$216k	Actual \$499k
Average return for the portfolio:		6.02%
Benchmark return:		5.50%



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 AUGUST 2006**

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	\$121k	\$187k	\$66k
b) Ocean Reef Marina	\$117k	\$0k	(\$117k)
c) Geothermal Bore	\$0k	\$200k	\$200k
d) Other	<u>\$1,379k</u>	<u>\$1,357k</u>	<u>(\$22k)</u>
	\$1,617k	\$1,744k	\$127k

- a) Black Spot funding was received earlier than budgeted, **\$66k**.
- b) This grant is to be paid progressively in line with expenditure by the City. The Ocean Reef Marina project was delayed and contracts have now been approved, **(\$117k)**.
- c) The grant for the Geo-Thermal Bore was acquitted in August and the City has received the capital works program portion of the grant from the Department of Sport and Recreation. The remaining \$250k is expected to be received in September, **\$200k**.
- d) Other minor variances which are not material, **(\$22k)**.

2 Contributions, Reimbursements and Donations

Additional revenue received as a contribution for drainage related to the extension to Lakeside shopping centre, **\$31k**.

Other minor variances which are not material, **\$23k**.

3 Interest Earnings

The City received a year to date portfolio return of **6.02%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$43k** attributable to the higher rate of interest. Rates income received earlier than anticipated in the budget increased the average balance of funds invested to **\$48.9m** compared to the budgeted amount of **\$23.1m**, resulting in additional revenue of **\$240k**.

4 Employee Costs

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

a) 2006/07 Establishment vacancies	\$544k
b) Staff Training	\$40k
c) Contract/Agency Labour	(\$48k)
d) Other	<u>\$29k</u>
	\$565k

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

• Building and Planning Approvals	\$41k
• Marketing, Communication Council Support	\$29k
• Strategic Development	\$35k
• Community Development	\$53k
• Infrastructure Management	\$82k
• Operations Services	\$152k
• Operations Administration	<u>\$152k</u>
	\$544k

With the adoption of the 2006/07 Budget vacant positions are currently being advertised or will be advertised in the coming months. The underspend in salary and wages is partly offset by an increase in cost of contract/agency labour (refer item c below).

- b) Staff training expenditure was delayed until adoption of the 2006/07 Budget. As the budget has now been adopted expenditure on training will commence, **\$40k**.
- c) The contract/agency labour variance is primarily due to temporary staff being appointed within the Leisure Centres area, **(\$48k)**.
- d) Other minor variances which are not material, **\$29k**.

5 Materials & Contracts

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

	Budget	Actual	Variance
a) Administration	\$250k	\$166k	\$84k
b) Finance Related Costs	\$147k	\$59k	\$88k
c) Consultancy and Contractors	\$128k	\$58k	\$70k
d) Computing	\$187k	\$134k	\$53k
e) Equipment	\$115k	\$77k	\$38k
f) Materials	\$1,449k	\$1,228k	\$221k
g) Other Service Charges	\$956k	\$846k	\$110k
h) Other	<u>\$1,352k</u>	<u>\$1,333k</u>	<u>\$19k</u>
	\$4,585k	\$3,901k	\$683k

a) The variance is due to:

- Orders have been placed for the Leisure Guide and Joondalup Scene Magazine and will be expended in September, **\$23k**.
- Delays with suppliers for Bookshop Layout in the Libraries. It is anticipated that expenditure for this project will be completed in September, **\$10k**.
- The Annual Report is scheduled to be presented to Council in October 2006. Following adoption of the Annual Report, copies will be produced, **\$16k**.
- Expenditure for Rate Notices will be expended in September, **\$24k**.
- Other minor variances which are not material, **\$11k**.

b) The variance is due to delays in receiving invoices for Credit Card charges, **\$88k**.

c) The variance is due to:

- Planned consultancy expenditure is less than budgeted, **\$53k**.
- Other minor variances which are not material, **\$17k**.

d) The variance is for computer software maintenance expenditure less than budget due to a delay in processing invoices, **\$53k**.

e) The variance is due to delays with purchase of machinery and other minor equipment in the Parks and Engineering area due to delays with obtaining quotations and finalising selection, **\$38k**.

f) The variance is due to:

- Environmental conditions have delayed various maintenance works such as weed spraying and fertilising, **\$113k**;
- Delays in commencing works for pre-school centres to coincide with school holidays, **\$108k**.

g) The variance is due to:

- Tipping fees are underspent for August due to a lower than budgeted collection of waste tonnage, **\$120k**.
- Other minor variances which are not material, **(\$10k)**.

h) Other minor variances which are not material, **\$20k**.

6 Purchase of Furniture and Equipment

The underspend is due primarily to information technology and other projects as follows:-

	Budget	Actual	Variance
a) Payroll System	\$50k	\$0k	\$50k
b) Network Infrastructure Upgrades	\$14k	\$0k	\$14k
c) Other	<u>\$10k</u>	<u>\$2k</u>	<u>\$8k</u>
	\$74k	\$2k	\$72k

a) Expenditure for this project was of an operating nature with no capital expenditure component, **\$50k**.

b) Expenditure for this project was of an operating nature with no capital expenditure component, **\$14k**.

c) Other minor variances which are not material, **\$8k**.

7 Purchase of Vehicles and Plant

Light vehicles have been purchased earlier than budgeted for, **(\$176k)**.

8 Construction of Infrastructure Assets

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

	Budget	Actual	Variance
a) Sorrento Beach Project	\$98k	\$188k	(\$90k)
b) Road Resurfacing	\$519k	\$399k	\$120k
c) Drainage	\$0k	\$43k	(\$43k)
d) Major Building Works	\$0k	\$47k	(\$47k)
e) Foreshore Protection	\$0k	\$62k	(\$62k)
f) Other	<u>\$0k</u>	<u>\$72k</u>	<u>(\$72k)</u>
	\$617k	\$812k	(\$194k)

a) Sorrento Beach Project:-

- Contrary to budget assumptions the project was not fully completed at 30 June 2006. Outstanding invoices will be funded from Reserve when received **(\$93k)**.

b) Road Resurfacing:-

- There have been delays in commencing the road resurfacing program due to inclement weather and availability of contractors, **\$120k**.

c) Drainage:-

- The works for this program have commenced ahead of schedule, **(\$43k)**.

d) Major Building Works:-

- The works for this program have commenced ahead of schedule, **(\$47k)**.

e) Foreshore Protection:-

- The works for this program have commenced ahead of schedule, **(\$62k)**.

f) Other minor variances which are not material, **(\$72k).****9 Proceeds from Disposal**

The variance primarily relates to sale of Lot 3 Trappers Drive Woodvale, **\$295k**. Other minor variances which are not material, **\$38k**.

10 Transfers to Reserves

The variance relates to sale of, a portion of Lot 3 Trappers Drive Woodvale for vehicle access, and associated easements, **(\$470k)**.

11 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$70,164k
Rates and Sundry Debtors	\$41,988k
GST Receivable	\$362k
Accrued Income	\$92k
Advances and Prepayments	\$272k
	\$112,878k
<u>Less: Current Liabilities</u>	
Creditors	(\$11,814k)
Provisions	(\$5,718k)
Accrued Expenses	(\$2,050k)
Income in Advance	(\$1k)
GST Payable	(\$111k)
Other- Clearing	(\$1,314k)
	(\$21,008k)
<u>Less: Restricted Assets</u>	
Reserves	(\$24,754k)
Closing Funds	\$67,116k