



*Financial Activity Statement for
the Period Ended
30 November 2006*

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Financial Activity Statement for the period ended 30 November 2006

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		52,373,757	51,816,062	52,386,638	570,576	1
Rates - Specified Area		132,317	132,317	134,723	2,406	2
Government Grants & Subsidies		9,978,916	4,450,285	4,446,033	(4,252)	(0)
Contributions, Reimbursements and Donations	1	6,893,369	346,466	701,374	354,908	102
Profit on Asset Disposal	2	52,674	5,527	2,896,916	2,891,389	52,314
Fees & Charges	3	17,052,117	13,317,507	14,262,796	945,289	7
Interest Earnings	4	1,800,000	741,500	1,794,888	1,053,388	142
Other Revenue	5	131,000	54,580	114,034	59,454	109
		88,414,150	70,864,244	76,737,402	5,873,158	8
OPERATING EXPENDITURE						
Employee Costs	6	33,222,225	13,878,459	12,340,937	1,537,522	11
Materials & Contracts	7	27,705,835	11,113,644	10,402,825	710,819	6
Utilities (Gas, Electricity, Water etc)	8	3,329,213	1,405,020	1,187,196	217,824	16
Depreciation on Non Current Assets		15,738,343	6,479,631	6,500,080	(20,449)	(0)
Loss on Asset Disposal	9	273,800	130,724	51,242	79,482	61
Interest Expense		205,717	105,087	88,857	16,230	15
Insurance Expenses		988,771	957,661	957,346	315	0
Other Expenses		55,000	55,000	64,030	(9,030)	(16)
		81,518,904	34,125,226	31,592,513	2,532,713	7
SURPLUS/(DEFICIT) FROM OPERATIONS						
		6,895,246	36,739,018	45,144,889	8,405,871	23
CAPITAL EXPENDITURE						
Purchase of Land		2,303,500	2,303,500	2,356,352	(52,852)	(2)
Purchase of Buildings		1,095,000	31,250	0	31,250	100
Purchase of Artworks		20,000	12,500	10,000	2,500	20
Purchase of Furniture & Equipment	10	5,094,568	1,910,917	98,549	1,812,368	95
Purchase of Vehicles & Plant	11	3,227,600	1,368,500	536,710	831,790	61
Carparking Infrastructure		932,000	0	22,440	(22,440)	100
Construction of Infrastructure Assets		20,723,846	3,946,546	3,979,512	(32,966)	(1)
SUB TOTAL CAPITAL EXPENDITURE						
		33,396,514	9,573,213	7,003,564	2,569,649	27
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE						
		(26,501,268)	27,165,805	38,141,325	10,975,520	40
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,738,343	6,479,631	6,500,080	20,449	0
Loss on Disposal	9	273,800	130,724	51,242	(79,482)	(61)
Profit on Disposal	2	(52,674)	(5,527)	(2,896,916)	(2,891,389)	52,314
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal	12	1,282,600	524,200	3,236,305	2,712,105	517
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(152,772)	(152,772)	0	0
Equity Investment	13	0	0	(2,723,573)	(2,723,573)	100
Funded From						
Transfers from Reserves		9,137,192	0	0	0	0
Transfers to Reserves	14	(5,603,787)	0	(470,000)	(470,000)	100
Opening Funds		12,079,842	12,079,842	12,286,095	206,253	2
Closing Funds	15	19,023	46,221,903	53,971,786	7,749,883	17

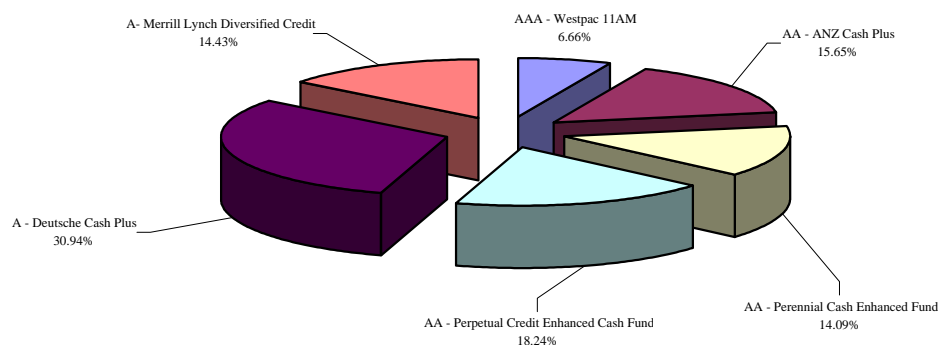


Investment Summary

CITY OF JOONDALUP
November-06

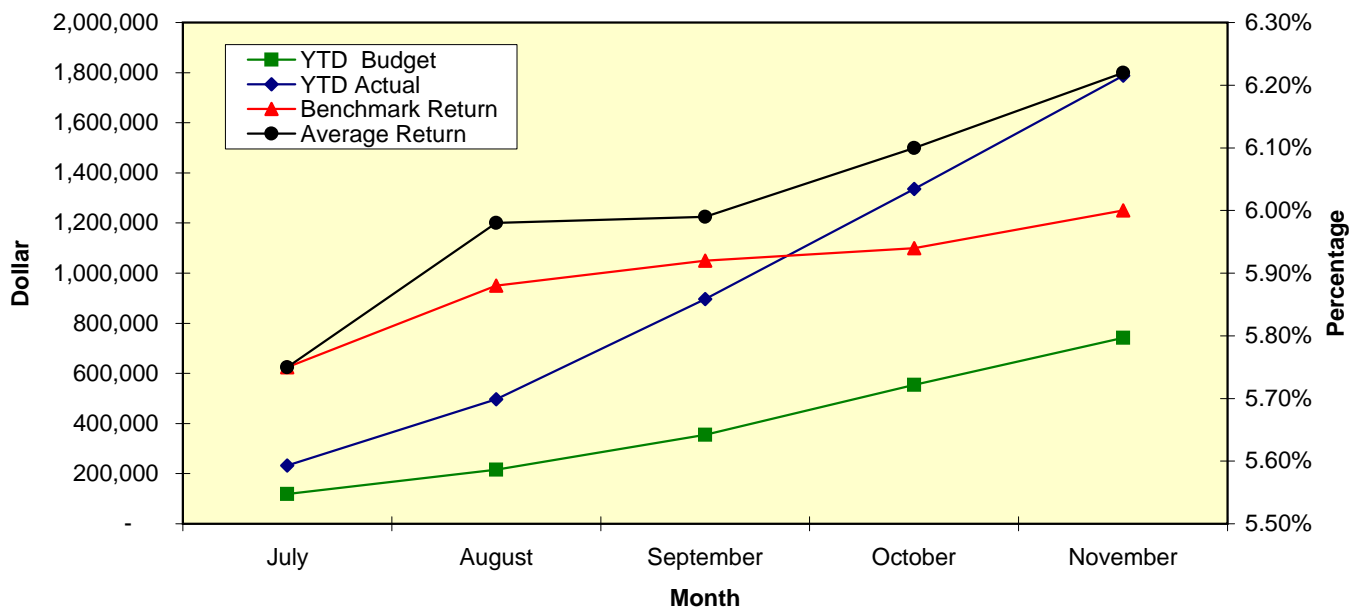
Investment Account	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	5,379,015	6.66%	50%
AA - ANZ Cash Plus	12,638,880	15.65%	50%
AA - Perennial Cash Enhanced Fund	11,380,680	14.09%	50%
AA - Perpetual Credit Enhanced Cash Fund	14,728,018	18.24%	50%
A - Deutsche Cash Plus	24,985,646	30.94%	40%
A- Merrill Lynch Diversified Credit	11,652,648	14.43%	40%
Total Investment Portfolio	80,764,887	100%	
Municipal Funds	56,011,111		
Reserve Funds	24,753,776		
	80,764,887		

City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	118,994	118,994	232,363	232,363	5.75%	5.75%
August	97,027	216,021	264,974	497,337	5.88%	5.98%
September	139,107	355,128	399,341	896,678	5.92%	5.99%
October	198,783	553,911	439,083	1,335,761	5.94%	6.10%
November	187,589	741,500	452,097	1,787,858	6.00%	6.22%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 NOVEMBER 2006

1 Contributions, Reimbursements and Donations

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

	Budget	Actual	Variance
a) Contributions- Non Operating	\$0k	\$31k	\$31k
b) Reimbursements	\$294k	\$597k	\$303k
c) Other	<u>\$52k</u>	<u>\$73k</u>	<u>\$21k</u>
	\$346k	\$701k	\$355k

- a) Additional revenue received as a contribution for drainage related to the extension to Lakeside shopping centre, **\$31k**.
- b) The City received an unbudgeted insurance reimbursement for the power outage, which occurred in the Administration building in May 2006, **\$296k**.
- c) Other minor variances which are not material, **\$21k**.

2 Profit on Asset Disposal

The variance relates to: the unbudgeted profit on sale of a portion of Lot 3 Trappers Drive Woodvale, **\$295k**, and the unbudgeted profit on sale of a portion of Lot 118 Marmion Avenue Tamala Park, **\$2,533k**.

In addition the City received higher than expected proceeds from sale of heavy vehicles resulting in profit on asset disposal compared to budgeted loss on asset disposal, **\$57k**.

3 Fees & Charges

The details of the year to date variance for fees & charges are as follows: -

	Budget	Actual	Variance
a) Service Charges	\$10,105k	\$10,298k	\$193k
b) Fees & Licences	\$1,421k	\$1,730k	\$309k
c) Service Fees & Charges	\$1,508k	\$1,743k	\$235k
d) Miscellaneous Sales	\$46k	\$253k	\$207k
e) Other	<u>\$238k</u>	<u>\$239k</u>	<u>\$1k</u>
	\$3,318k	\$14,263k	\$945k

-
- a) Household refuse collection revenue for standard service is greater than anticipated. Revenue for second bin service has not been budgeted for in 2006/07, **\$193k**.
 - b) The Building Licence fee for the Lakeside Shopping Centre extension was received earlier than anticipated, **\$267k**. In addition there has been an unexpected increase in the number of Development Applications received, **\$36k**.
 - c) Membership Fees variance is due to a greater than anticipated influx of new members taking advantage of Craigie Leisure Centre opening offer, **\$275k**. This is offset by a loss of revenue from the Learn to Swim Programme, which has not developed as anticipated due to the delay in the re-opening of the Craigie Pool, however the program is proving popular and enrolments are expected to increase over the summer period (**\$48k**).
 - d) The Miscellaneous Sales variance is primarily due to income charged for the granting of easement and access right at Lot 3 Trapper Drive Woodvale, **\$175k**. The transaction was included in the 2005/06 budget but settlement had been delayed until this financial year. In addition other minor variances which are not material, **\$32k**.
 - e) Other minor variances which are not material, **\$1k**.

4 Interest Earnings

The City received a year to date portfolio return of **6.104%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$177k** attributable to the higher rate of interest. Higher opening funds and timing delay in capital expenditure increased the average balance of funds invested to **\$70.1m** compared to the budgeted amount of **\$32.1m**, resulting in additional revenue of **\$876k**.

5 Other Revenue

This variance relates partially to the City receiving \$21k of 05/06 lease payments from Mindarie Regional Council in this financial year due to delays with formalising the new lease agreement which was not accrued for in the 2005/06 year. In addition the lease payments have increased \$4.5k over the budgeted \$2.5k a month under the previous lease agreement, **\$43k**.

6

Employee Costs

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

a) 2006/07 Establishment vacancies	\$1,490k
b) Staff Training	\$95k
c) Contract/Agency Labour	(\$85k)
d) Other	<u>\$38k</u>
	<u>\$1,538k</u>

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

• Building and Planning Approvals	\$52k
• Marketing, Communication Council Support	\$89k
• Strategic Development	\$84k
• Community Development	\$70k
• Financial Services	\$65k
• Library Information Services	\$73k
• Audit and Executive Services	\$62k
• CEO Administration	\$61k
• Infrastructure Management	\$227k
• Operations Services	\$287k
• Operations Administration	<u>\$420k</u>
	<u>\$1,490k</u>

Recruitment of staff continues to prove difficult. Some positions have been advertised multiple times and agencies and professional contacts are 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, **\$95k**.

c) The contract/agency labour variance is primarily due to temporary staff being appointed within the Leisure Centres area and Operation Services to cover vacant positions, **(\$85k)**.

d) Other minor variances which are not material, **\$38k**.

Materials and Contracts

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

	Budget	Actual	Variance
a) Administration	\$660k	\$551k	\$109k
b) Consultancy and Contractors	\$457k	\$249k	\$208k
c) Contributions and Donations	\$434k	\$344k	\$90k
d) Equipment	\$339k	\$245k	\$94k
e) Materials	\$3,775k	\$3,682k	\$93k
f) Other Service Expenses	\$1,819k	\$1,595k	\$224k
g) Service Charges from Other Councils	\$1,803k	\$1,893k	(\$90k)
h) Other	<u>\$1,827k</u>	<u>\$1,844k</u>	<u>(\$17k)</u>
	\$11,114k	\$10,403k	\$711k

a) The administration variance is due to:

- The budgeted payment for the printing costs for JBA Community Directory is unlikely to occur in this financial year, **\$33k**.
- The operating budget for the Universal Recycling Service will be utilised early in 2007, **\$25k**.
- November invoices for Craigie Leisure Centre printing costs will be processed in December, **\$19k**.
- The contact for printing costs for the Bookshop Layout in the Libraries has been delayed due to changes in the specifications, **\$13k**.
- Other minor variances which are not material, **\$19k**.

b) The consultancy and contractors variance is due to:

- Planned consultancy expenditure is less than budgeted, **\$167k**.
- The research expenditure for the ThinkLearn project will be spent towards the end of the financial year, **\$50k**.
- Other minor variances which are not material, **(\$9k)**.

c) The contributions and donations variance is due to:

- The variance in the contributions towards the operation of Warwick Leisure Centre is attributable to the timing of payments to the association, **\$28k**.
- Budgeted expenditure for sponsoring the Valentines Day concert will no longer be provided; this variance will be adjusted in the half year review, **\$11k**.
- A donation payment to Volunteering WA will be made when the new contract is finalized, **\$10k**.
- The budgeted expenditure for the Sustainable Development Fund, which is part of the Community Funding Program, will be reduced in the half year review and the remaining budget will be spent in the last quarter of the financial year, **\$20k**.

- Other minor variances which are not material, **\$21k**.
- d) The equipment variance is due to:
- Waste Management minor plant and equipment will be expended in the coming months, **\$38k**.
 - The Libraries have placed orders for furniture and equipment purchases and are awaiting delivery, **\$45k**.
 - Other minor variances which are not material, **\$11k**.
- e) Works are programmed to commence but delays are occurring due to availability of contractors, **\$99k**. Other minor variances which are not material, **(\$6k)**.
- f) The City is awaiting adjustment invoices for tipping charges for the period 1 July 2006 to 31 October 2006. These will be included in future months statements, **\$256k**. This underspend is partially offset by an overspend in production costs for the Art Award which is due to an incorrect allocation of costs and will be corrected in December, **(\$20k)**.
- g) The service charges from other councils variance relates primarily to budget phasing with invoices for Waste Management Charges from City of Wanneroo, **(\$78k)**.
- h) Other minor variances which are not material, **(\$17k)**.

8 Utilities

The variance in utilities is caused by lower than budgeted electricity consumption costs, **\$237k**. This is due to improved efficiency of power consumption and weather conditions.

Other minor variances which are not material, **(\$16k)**.

9 Loss on Asset Disposal

The variance is due to: City has received higher than anticipated proceeds from sale of heavy vehicles resulting in profit on asset disposal compared to budgeted loss on asset disposal, in addition there have been delays with disposing of heavy vehicles, **\$79k**.

10

Purchase of Furniture and Equipment

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

	Budget	Actual	Variance
a) Oracle System Expansion	\$25k	(\$3k)	\$28k
b) Payroll System	\$154k	\$0k	\$154k
c) Network Infrastructure Maintenance and Upgrades	\$79k	\$11k	\$68k
d) Court Sports Netting	\$25k	\$0k	\$25k
e) Aquatic Turnstiles	\$36k	\$0k	\$36k
f) Universal Recycling Service	\$1,500k	\$0k	\$1,500k
g) Other	<u>\$92k</u>	<u>\$91k</u>	<u>\$1k</u>
	\$1,911k	\$99k	\$1,812k

- a) Expenditure for this project was budgeted as capital however the YTD actual (\$9k) is of an operating nature. It is anticipated the remainder of expenditure will also be of an operating nature, **\$28k**.
- b) YTD expenditure for this project (\$36k) is of an operating nature. All future costs will also be operating nature, **\$154k**.
- c) Actual YTD expenditure for this project is of an operating nature with no capital expenditure component, **\$68k**.
- d) Quotes have been sourced and a recommendation is being prepared. It is anticipated that installation will occur in February 2007, **\$25k**.
- e) Tender applications for Aquatic Turnstiles have been received and assessments will take place in December. It is anticipated that installation will occur in February 2007, **\$36k**.
- f) The expenses for the Universal Recycling Service project will be utilised early in 2007 when expenses for the Recycling services are required, **\$1,500k**.
- g) Other minor variances which are not material, **\$1k**.

11 Purchase of Vehicles and Plant

Light vehicles that were budgeted to be replaced in November 2006 will now be replaced in January with 2007 compliance plates, **\$239k**.

The purchase of Heavy vehicle items is currently in the tender process stage, **\$571k**.

Proceeds from Disposal

The variance relates to: the sale of a portion of Lot 3 Trappers Drive Woodvale, **\$295k**, and the sale of a portion of Lot 118 Marmion Avenue Tamala Park, **\$2,704k**.

This is partially offset by delays in sale proceeds of light and heavy vehicles, **(\$316k)**.

13 Equity Investment

The variance relates to equity investment in Tamala Park Regional Council arising from the proceeds of sale of Lot 118 Marmion Avenue Tamala Park (see point 12), **\$2,704k** and the capitalisation of an earlier contribution to the entity of **\$20k**.

14 Transfers to Reserves

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

15 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$80,339k
Rates and Sundry Debtors	\$13,674k
GST Receivable	\$575k
Accrued Income	\$41k
Advances and Prepayments	\$238k
	\$94,867k
<u>Less: Current Liabilities</u>	
Creditors	(\$8,297k)
Provisions	(\$5,252k)
Accrued Expenses	(\$2,466k)
Income in Advance	(\$0k)
GST Payable	(\$70k)
Other- Clearing	(\$56k)
	(\$16,141k)
<u>Less: Restricted Assets</u>	
Reserves	(\$24,754k)
Closing Funds	\$53,972k