

APPENDIX

• - 3 - - -



City of  
Joondalup

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

## Contents

## Appendix

Financial Activity Statement

A

Investment Summary

B

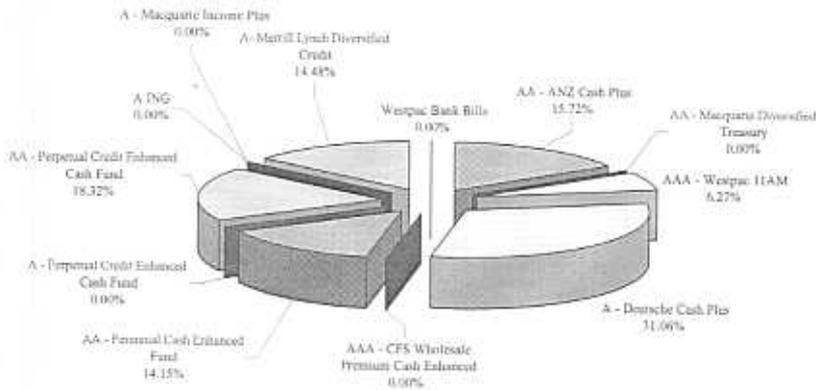
Notes to and Forming Part of the  
Financial Activity Statement

C



## Financial Activity Statement for the period ended 31 October 2006

|  | Note | Adopted<br>Budget | YTD<br>Budget | YTD<br>Actual | Variance  | Variance |
|--|------|-------------------|---------------|---------------|-----------|----------|
|  |      | \$                | \$            | \$            | \$        | %        |
| <b>OPERATING REVENUE</b>   |      |                   |               |               |           |          |
| Rates  |      | 52,373,757        | 51,736,391    | 52,248,768    | 512,377   | 1        |
| Rates - Specified Area   |      | 132,317           | 132,317       | 132,536       | 219       | 0        |
| Government Grants & Subsidies                                    |      | 9,978,916         | 3,202,206     | 3,298,919     | 96,713    | 3        |
| Contributions, Reimbursements and Donations                      | 1    | 6,893,369         | 244,178       | 586,550       | 342,372   | 140      |
| Profit on Asset Disposal   |      | 52,674            | 0             | 22,805        | 22,805    | 100      |
| Fees & Charges   | 2    | 17,052,117        | 12,732,945    | 13,539,143    | 806,198   | 6        |
| Interest Earnings  | 3    | 1,800,000         | 553,911       | 1,341,867     | 787,956   | 142      |
| Other Revenue  |      | 131,000           | 43,664        | 43,619        | (45)      | (0)      |
|  |      | 88,414,150        | 68,645,612    | 71,214,207    | 2,568,595 | 4        |
| <b>OPERATING EXPENDITURE</b>                                     |      |                   |               |               |           |          |
| Employee Costs   | 4    | 33,222,225        | 11,058,998    | 9,924,392     | 1,134,606 | 10       |
| Materials & Contracts  |      | 27,705,835        | 8,964,007     | 8,710,720     | 253,287   | 3        |
| Utilities (Gas, Electricity, Water etc)                          |      | 3,329,213         | 1,127,767     | 1,141,668     | (13,901)  | (1)      |
| Depreciation on Non Current Assets                               |      | 15,738,343        | 5,175,648     | 5,203,076     | (27,428)  | (1)      |
| Loss on Asset Disposal   |      | 273,800           | 0             | 42,420        | (42,420)  | 100      |
| Interest Expense   |      | 205,717           | 53,093        | 70,296        | (17,203)  | (32)     |
| Insurance Expenses   |      | 988,771           | 954,647       | 955,771       | (1,124)   | (0)      |
| Other Expenses   |      | 55,000            | 55,000        | 64,030        | (9,030)   | (16)     |
|  |      | 81,518,904        | 27,389,160    | 26,112,373    | 1,276,787 | 5        |
| <b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>                         |      | 6,895,246         | 41,256,452    | 45,101,834    | 3,845,382 | 9        |
| <b>CAPITAL EXPENDITURE</b>                                       |      |                   |               |               |           |          |
| Purchase of Land   |      | 2,303,500         | 535,500       | 584,000       | (48,500)  | (9)      |
| 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                                | 5    | 5,094,568         | 243,417       | 30,478        | 212,939   | 87       |
| Purchase of Vehicles & Plant                                     | 6    | 3,227,600         | 165,000       | 269,114       | (104,114) | (63)     |
| Carparking Infrastructure  |      | 932,000           | 0             | 0             | 0         | 0        |
| Construction of Infrastructure Assets                            | 7    | 20,723,846        | 2,578,631     | 2,735,460     | (156,829) | (6)      |
| <b>SUB TOTAL CAPITAL EXPENDITURE</b>                             |      | 33,396,514        | 3,566,298     | 3,629,051     | (62,753)  | (2)      |
| <b>SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE</b> |      | (26,501,268)      | 37,690,154    | 41,472,783    | 3,782,629 | 10       |
| <b>Adjustments for Non-Cash Movements</b>                        |      |                   |               |               |           |          |
| Depreciation on Assets   |      | 15,738,343        | 5,175,648     | 5,203,076     | 27,428    | 1        |
| Loss on Disposal   |      | 273,800           | 0             | 42,420        | 42,420    | 100      |
| Profit on Disposal   |      | (52,674)          | 0             | (22,805)      | (22,805)  | 100      |
| Non-Cash Developer's Contributions                               |      | (6,025,000)       | 0             | 0             | 0         | 0        |
| <b>Adjustments for Other Cash Movements</b>                      |      |                   |               |               |           |          |
| Proceeds from Disposal   | 8    | 1,282,600         | 0             | 3,142,315     | 3,142,315 | 100      |
| Loan funds   |      | 0                 | 0             | 0             | 0         | 0        |
| Loan repayments (principal)                                      |      | (310,025)         | (92,709)      | (92,709)      | 0         | 0        |
| <b>Funded From</b>   |      |                   |               |               |           |          |
| Transfers from Reserves  |      | 9,137,192         | 0             | 0             | 0         | 0        |
| Transfers to Reserves  | 9    | (5,603,787)       | 0             | (470,000)     | (470,000) | 100      |
| Opening Funds  |      | 12,079,842        | 12,079,842    | 11,976,070    | (103,772) | (1)      |
| Closing Funds  | 10   | 19,023            | 54,852,935    | 61,251,150    | 6,398,215 | 12       |

**City of Joondalup - Investment Balances**


| Investment Account                            | Funds Held        |
|---|-------------------|
| AA - ANZ Cash Plus                            | \$ 12,573,701     |
| AA - Macquarie Diversified Treasury           | -                 |
| AAA - Westpac 11AM                            | 5,016,015         |
| A - Deutsche Cash Plus                        | 24,846,103        |
| AAA - CFS Wholesale Premium Cash Enhanced     | -                 |
| AA - Perpetual Cash Enhanced Fund             | 11,317,804        |
| A - Perpetual Credit Enhanced Cash Fund       | -                 |
| AA - Perpetual Cash Enhanced Cash Fund        | 14,651,721        |
| A - ING                                       | -                 |
| A - Macquarie Income Plus                     | 0                 |
| A - Merrill Lynch Diversified Credit          | 11,584,644        |
| Westpac Bank Bills                            | -                 |
| <b>Total Funds held in AA + A Investments</b> | <b>79,989,988</b> |

|       |            |
|-------|------------|
| Total | 79,989,988 |
|-------|------------|

Amount included in total funds invested that relate to reserves:

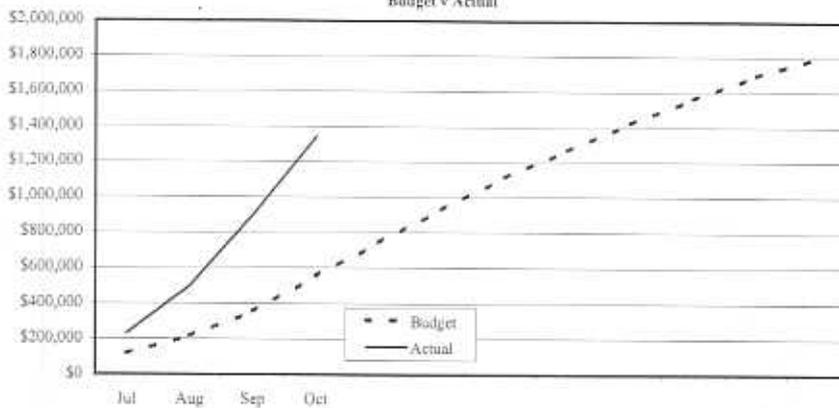
|               |
|---------------|
| \$ 24,751,776 |
|---------------|

**Other Comments**

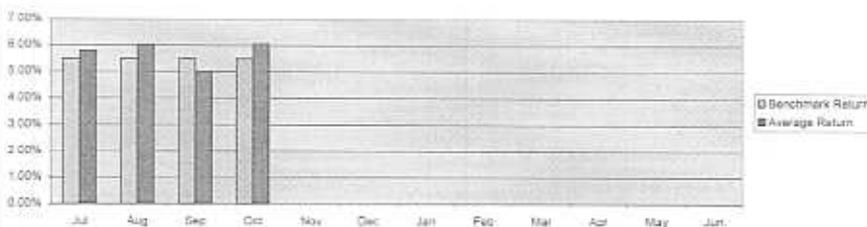
Investments are in accordance with Council Policy. Maximum investment with any one institution:

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

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

**Interest on Investments 2006/07  
 Budget v Actual**

**Return on Investments**

|                                   |               |                 |
|-----------------------------------|---------------|-----------------|
| Year to Date Interest:            | Budget \$554k | Actual \$1,342k |
| Average return for the portfolio: |               | 6.06%           |
| Benchmark return:                 |               | 5.50%           |

**Return on Investments**


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

**1 Contributions, Reimbursements and Donations**

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

In addition the City received an unbudgeted insurance reimbursement for the power outage which occurred in the Administration building in May 2006, **\$296k**.

**2 Fees & Charges**

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

|                           | Budget        | Actual        | Variance      |
|---------------------------|---------------|---------------|---------------|
| a) Service Charges        | \$10,104k     | \$10,283k     | \$179k        |
| b) Fees & Licences        | \$1,172k      | \$1,434k      | \$262k        |
| c) Service Fees & Charges | \$1,231k      | \$1,392k      | \$161k        |
| d) Miscellaneous Sales    | \$36k         | \$243k        | \$207k        |
| e) Other                  | <u>\$190k</u> | <u>\$187k</u> | <u>(\$3k)</u> |
|                           | \$12,733k     | \$13,539k     | \$806k        |

- 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, **\$179k**.
- b) The Building Licence fee for the Lakeside Shopping Centre extension was received earlier than anticipated, **\$267k**.
- c) Membership Fees variance is due to a greater than anticipated influx of new members taking advantage of Craigie Leisure Centre opening offer, **\$250k**. 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, **(\$60k)**.
- d) The Miscellaneous Sales variance is income from the sale of easements 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.
- e) Other minor variances which are not material, **(\$3k)**.

### 3 Interest Earnings

The City received a year to date portfolio return of **6.058%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$124k** attributable to the higher rate of interest. Higher opening funds and timing delay in capital expenditure increased the average balance of funds invested to **\$65.7m** compared to the budgeted amount of **\$29.9m**, resulting in additional revenue of **\$664k**.

### 4 Employee Costs

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

|                                    |              |
|------------------------------------|--------------|
| a) 2006/07 Establishment vacancies | \$1,117k     |
| b) Staff Training                  | \$79k        |
| c) Contract/Agency Labour          | (\$88k)      |
| d) Other                           | <u>\$27k</u> |
|                                    | \$1,135k     |

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

|  |               |
|--|---------------|
| • Building and Planning Approvals          | \$110k        |
| • Marketing, Communication Council Support | \$69k         |
| • Strategic Development                    | \$52k         |
| • Community Development                    | \$44k         |
| • Financial Services                       | \$53k         |
| • Audit and Executive Services             | \$46k         |
| • Infrastructure Management                | \$192k        |
| • Operations Services                      | \$300k        |
| • Operations Administration                | <u>\$251k</u> |
|  | \$1,117k      |

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, **\$79k**.

c) The contract/agency labour variance is primarily due to temporary staff being appointed within the Leisure Centres area, **(\$88k)**.

d) Other minor variances which are not material, **\$27k**.

## 5 Purchase of Furniture and Equipment

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

|  | Budget       | Actual       | Variance      |
|--|--------------|--------------|---------------|
| a) Oracle System Expansion                         | \$25k        | \$0k         | \$25k         |
| b) Payroll System                                  | \$104k       | \$0k         | \$104k        |
| c) Network Infrastructure Maintenance and Upgrades | \$79k        | \$11k        | \$68k         |
| d) Network Infrastructure Projects                 | \$20k        | \$0k         | \$20k         |
| e) Other   | <u>\$15k</u> | <u>\$19k</u> | <u>(\$4k)</u> |
|  | \$243k       | \$30k        | \$213k        |

- 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, **\$25k**.
- b) YTD expenditure for this project (\$36k) is of an operating nature. All future costs will also be operating, however a portion of the setup costs may be capitalised upon completion of the project, **\$104k**.
- c) Actual YTD expenditure for this project (\$63k) is of an operating nature with no capital expenditure component, **\$68k**.
- d) Infrastructure upgrade project is in the planning stages, **\$20k**.
- e) Other minor variances which are not material, **(\$4k)**.

## 6 Purchase of Vehicles and Plant

Light vehicles have been purchased earlier than budgeted for, **(\$104k)**.

## 7 Construction of Infrastructure Assets

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

|                                  | Budget       | Actual       | Variance     |
|----------------------------------|--------------|--------------|--------------|
| • Sorrento Beach Project (a)     | \$0k         | \$213k       | (\$213k)     |
| • Council Depot Project (b)      | \$100k       | \$19k        | \$81k        |
| • Craigie Leisure Centre (c)     | \$190k       | \$93k        | \$97k        |
| • Road Resurfacing (d)           | \$1,758k     | \$941k       | \$817k       |
| • Traffic Management             | \$60k        | \$376k       | (\$316k)     |
| • Drainage                       | \$110k       | \$198k       | (\$88k)      |
| • Parking Facilities             | \$1k         | \$86k        | (\$85k)      |
| • Major Building Works           | \$150k       | \$480k       | (\$330k)     |
| • Foreshore Protection           | \$16k        | \$82k        | (\$66k)      |
| • Parks and Reserves Enhancement | \$100k       | \$191k       | (\$91k)      |
| • Other                          | <u>\$94k</u> | <u>\$56k</u> | <u>\$38k</u> |
|                                  | \$2,579k     | \$2,735k     | (\$156k)     |

### a) Sorrento Beach Project:-

- Contrary to budget assumptions the project was not fully completed at 30 June 2006. The project is funded from reserve and the unspent balance remained in reserve to fund uncompleted work with no impact on this year's funding, **(\$213k)**.

### b) Council Depot Project:-

- The project is currently behind budget expectations. Tenders are expected to be invited in February 2007, **\$81k**.

### c) Craigie Leisure Centre:-

- The mediation process with the builder and driller that was planned for in August was finally held and the outcome reported to Council in October. Final payment to the builder will now be made in November, **\$97k**.

### d) Road Resurfacing:-

- There have been delays in commencing the road resurfacing program due to inclement weather and availability of contractors, **\$817k**. The City is exploring possible avenues under current market conditions to implement budgeted programs.
- There are projects that will be carried forwards, currently we are in the process of undertaking the half year budget review and the details will be reported to Council in February 2007.

## 8 Proceeds from Disposal

The variance relates to: the sale of a portion of Lot 3 Trappers Drive Woodvale, **\$295k**, proceeds on the sale of vehicles originally intended to occur in June 2006, **\$105k** and the sale of a portion of Lot 118 Marmion Avenue Tamala Park, **\$2,701k**. The profit on disposal of Lot 118 Marmion Avenue Tamala Park will be processed in November.

## 9 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)**.

## 10 Closing Funds

|   | Actual           |
|---|------------------|
| <b><u>Current Assets</u></b>            |                  |
| Cash Assets                             | \$79,755k        |
| Rates and Sundry Debtors                | \$23,234k        |
| GST Receivable                          | \$398k           |
| Accrued Income                          | \$57k            |
| Advances and Prepayments                | \$236k           |
|   | \$103,680k       |
| <b><u>Less: Current Liabilities</u></b> |                  |
| Creditors                               | (\$9,118k)       |
| Provisions                              | (\$5,407k)       |
| Accrued Expenses                        | (\$3,026k)       |
| Income in Advance                       | (\$5k)           |
| GST Payable                             | (\$348k)         |
| Other- Clearing                         | \$229k           |
|   | (\$17,675k)      |
| <b><u>Less: Restricted Assets</u></b>   |                  |
| Reserves                                | (\$24,754k)      |
| <b>Closing Funds</b>                    | <b>\$61,251k</b> |