



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

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Financial Activity Statement for the period ended 31 December 2006

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		52,373,757	51,895,733	52,464,301	568,568	1
Rates - Specified Area		132,317	132,317	134,814	2,497	2
Government Grants & Subsidies	1	9,978,916	5,040,263	4,469,164	(571,099)	(11)
Contributions, Reimbursements and Donations	2	6,893,369	417,512	792,661	375,149	90
Profit on Asset Disposal	3	52,674	30,942	2,900,732	2,869,790	9,275
Fees & Charges	4	17,052,117	13,850,011	15,007,697	1,157,686	8
Interest Earnings	5	1,800,000	931,898	2,226,774	1,294,876	139
Other Revenue	6	131,000	65,496	128,869	63,373	97
		88,414,150	72,364,172	78,125,012	5,760,840	8
OPERATING EXPENDITURE						
Employee Costs	7	33,222,225	16,592,761	15,397,398	1,195,363	7
Materials & Contracts	8	27,705,835	13,437,948	12,966,528	471,420	4
Utilities (Gas, Electricity, Water etc)	9	3,329,213	1,679,136	1,447,792	231,344	14
Depreciation on Non Current Assets		15,738,343	7,793,686	7,801,695	(8,009)	(0)
Loss on Asset Disposal	10	273,800	173,606	100,150	73,456	42
Interest Expense		205,717	105,087	106,136	(1,049)	(1)
Insurance Expenses		988,771	963,175	958,300	4,875	1
Other Expenses		55,000	55,000	64,030	(9,030)	(16)
		81,518,904	40,800,399	38,842,029	1,958,370	5
SURPLUS/(DEFICIT) FROM OPERATIONS						
		6,895,246	31,563,773	39,282,983	7,719,210	24
CAPITAL EXPENDITURE						
Purchase of Land		2,303,500	2,303,500	2,356,352	(52,852)	(2)
Purchase of Buildings	11	1,095,000	412,500	0	412,500	100
Purchase of Artworks		20,000	15,000	10,000	5,000	33
Purchase of Furniture & Equipment	12	5,094,568	2,764,417	108,248	2,656,169	96
Purchase of Vehicles & Plant	13	3,227,600	1,817,500	716,378	1,101,122	61
Carparking Infrastructure		932,000	0	29,550	(29,550)	100
Construction of Infrastructure Assets	14	20,723,846	5,634,356	4,966,869	667,487	12
SUB TOTAL CAPITAL EXPENDITURE						
		33,396,514	12,947,273	8,187,398	4,759,875	37
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE						
		(26,501,268)	18,616,500	31,095,585	12,479,085	67
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,738,343	7,793,686	7,801,695	8,009	0
Loss on Disposal	9	273,800	173,606	100,150	(73,456)	(42)
Profit on Disposal	2	(52,674)	(30,942)	(2,900,732)	(2,869,790)	9,275
Non-Cash Developer's Contributions		(6,025,000)	0	0	0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal	15	1,282,600	741,200	3,373,441	2,632,241	355
Loan funds		0	0	0	0	0
Loan repayments (principal)		(310,025)	(152,772)	(152,772)	0	0
Equity Investment	16	0	0	(2,712,823)	(2,712,823)	100
Funded From						
Transfers from Reserves	17	9,137,192	0	6,508,648	6,508,648	100
Transfers to Reserves	17	(5,603,787)	0	(1,520,704)	(1,520,704)	100
Opening Funds		12,079,842	12,079,842	12,286,095	206,253	2
Closing Funds	18	19,023	39,221,120	53,878,583	14,657,463	37

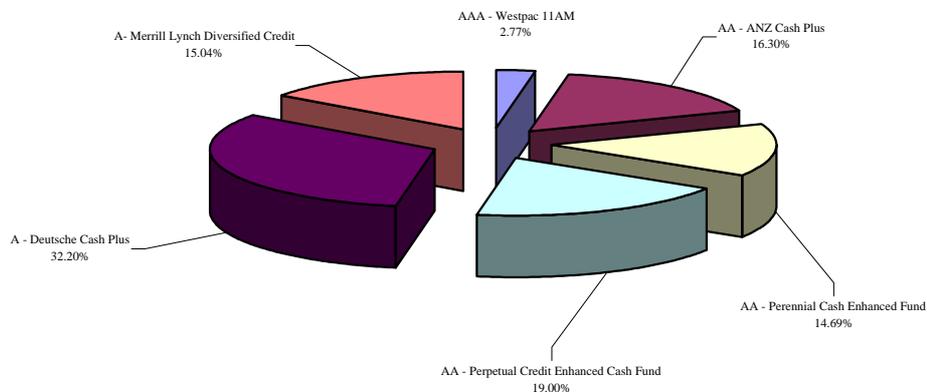


Investment Summary

CITY OF JOONDALUP
December-06

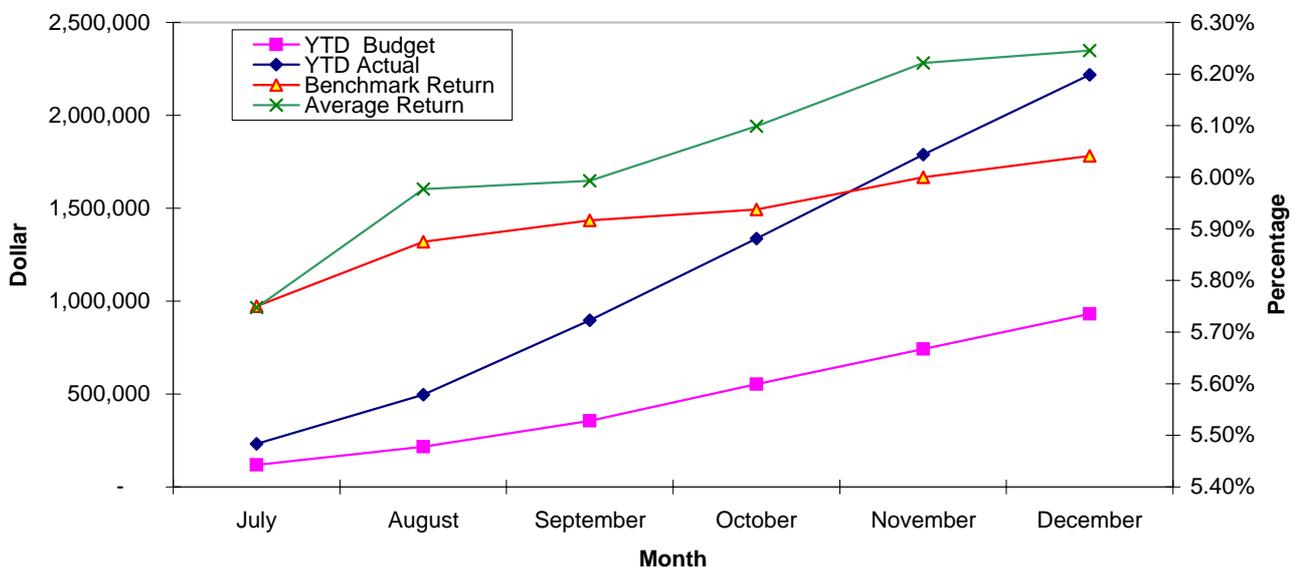
Investment Account	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	2,160,015	2.77%	50%
AA - ANZ Cash Plus	12,709,752	16.30%	50%
AA - Perennial Cash Enhanced Fund	11,449,026	14.69%	50%
AA - Perpetual Credit Enhanced Cash Fund	14,807,273	19.00%	50%
A - Deutsche Cash Plus	25,100,708	32.20%	40%
A- Merrill Lynch Diversified Credit	11,726,713	15.04%	40%
Total Investment Portfolio	77,953,487	100%	
Municipal Funds	58,657,655		
Reserve Funds	19,295,832		
	77,953,487		

City of Joondalup - Investment Balances



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	118,994	118,994	232,303	232,303	5.75%	5.75%
August	97,027	216,021	264,949	497,252	5.88%	5.98%
September	139,107	355,128	399,289	896,541	5.92%	5.99%
October	198,783	553,911	439,449	1,335,990	5.94%	6.10%
November	187,589	741,500	452,097	1,788,086	6.00%	6.22%
December	190,398	931,898	430,614	2,218,700	6.04%	6.25%

Return on Investments



NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 DECEMBER 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	\$362k	\$187k	(\$175k)
b) Metro Regional Road Program	\$1,044k	\$942k	(\$102k)
c) Ocean Reef Marina	\$350k	\$0k	(\$350k)
d) Cities for Climate Protection	\$0k	\$23k	\$23k
e) Travelsmart Household Program	\$0k	\$21k	\$21k
f) ThinkLearn Project	\$193k	\$154k	(\$39k)
g) Local Area Emergency Management Plan AWARE	\$0k	\$33k	\$33k
h) Other	<u>\$3,091k</u>	<u>\$3,109k</u>	<u>\$18k</u>
	\$5,040k	\$4,469k	(\$571k)

- a) The Black Spot projects are currently in progress. These projects will need to be completed before the remaining grant funds can be claimed, **(\$175k)**.
- b) The Metro Regional Road projects have been delayed. These projects will need to be completed before the remaining grant funds can be claimed, **(\$102k)**.
- c) The grant for the Ocean Reef Marina is to be received on completion of identified stages of the project and is tied to the City's expenditure on each stage. Stage one has not yet been completed, **(\$350k)**.
- d) The City has received unbudgeted grant funds of **\$23k** from the Department of Environment & Heritage for the Cities for Climate Protection project. The project provides a strategic framework for the City to implement its environmentally sustainable initiatives through fuel consumption monitoring and resource efficiency measures.
- e) The City has received unbudgeted grant funds of **\$21k** from the Department of Planning & Infrastructure for contribution to the TravelSmart Household Program.
- f) The ThinkLearn project has not progressed as expected and the City does not expect to receive the remaining grant funds until 2007/08. This variance will be adjusted in the half year budget review, **(\$39k)**.
- g) The City has received unexpected grant funds from FESA for the AWARE project. The project is for the emergency management planning for the City & adjacent stakeholders. This project will progress accordingly in conjunction with City of Wanneroo, **\$33k**.

- h) Other minor variances which are not material, **\$18k**.

2 Contributions, Reimbursements and Donations

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

	Budget	Actual	Variance
a) COJ Mobile Youth Service	\$0k	\$30k	\$30k
b) Youth Financial Counselling	\$4k	\$15k	\$11k
c) Contributions- Non Operating	\$0k	\$31k	\$31k
d) 7Reimbursements	\$348k	\$630k	\$282k
e) Other	<u>\$66k</u>	<u>\$87k</u>	<u>\$21k</u>
	\$418k	\$793k	\$375k

- a) The grant for the COJ Mobile Youth Service has been received from the Office of Crime Prevention. The grant was applied for in 2004 and at time of compiling the 06/07 budget the City had not received any notification of the outcome of its application, **\$30k**.
- b) Sponsorship funds for the Youth Notebook Program have been received ahead of budget, **\$11k**.
- c) Additional revenue received as a contribution for drainage related to the extension to Lakeside shopping centre, **\$31k**.
- d) The City received an unbudgeted insurance reimbursement for the power outage, which occurred in the Administration building in May 2006, **\$296k**.
- e) Other minor variances which are not material, **\$21k**.

3 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**.

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	\$1,620k	\$1,966k	\$346k
c) Service Fees & Charges	\$1,768k	\$2,164k	\$396k
d) Miscellaneous Sales	\$70k	\$265k	\$195k
e) Other	<u>\$286k</u>	<u>\$315k</u>	<u>\$29k</u>
	\$13,850k	\$15,008k	\$1,158k

- 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 and there has been unexpected increase in the number of Building Applications received **\$248k**. There has also been an unexpected increase in the number of Development Applications received, **\$74k**.

In addition the City has received 05/06 poundage fees in this financial year due to contractual issues with RSPCA, **\$21k**.

- c) Membership Fees variance is due to a greater than anticipated influx of new members taking advantage of Craigie Leisure Centre opening offer, **\$378k**. In addition casual user entry fees for Craigie Leisure Centre have also greater than anticipated, **\$70k**.

This is offset by a loss of revenue from Personal Training due to changes in staff **(\$19k)**. In addition Term Program class numbers have been reduced due to the difficulty in finding new instructors in popular classes from previous years, **(\$28k)**.

- 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, **\$20k**.
- e) Other minor variances which are not material, **\$29k**.

Interest Earnings

The City received a year to date portfolio return of 6.25% compared to budgeted return of 5.50%, resulting in increased revenue of **\$1,287k**.

The additional revenue has resulted from a rate variance of **\$126k**, a volume variance of **\$1,022k** and a combined variance of **\$139k**.

The Reserve Bank increased the cash rate from 5.50% to 6.25% over the year causing the rate variance, whilst the volume variance is caused by higher opening funds and delays in undertaking the budgeted capital works program. The increase in rates and balances combined created additional revenue of \$139k compared to budget.

6 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, **\$55k**.

7 Employee Costs

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

a) 2006/07 Establishment vacancies	\$1,178k
b) Staff Training	\$108k
c) Contract/Agency Labour	(\$124k)
d) Other	<u>\$33k</u>
	\$1,195k

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

• Strategic Development	\$66k
• Financial Services	\$60k
• Audit and Executive Services	\$78k
• CEO Administration	\$65k
• Infrastructure Management	\$199k
• Operations Services	\$420k
• Operations Administration	<u>\$290k</u>
	\$1,178k

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, **\$108k**.
- 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, **(\$124k)**.
- d) Other minor variances which are not material, **\$33k**.

8 Materials & Contracts

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$591k	\$296k	\$295k
b) Materials	\$4,590k	\$4,382k	\$208k
c) Other	<u>\$8,257k</u>	<u>\$8,289k</u>	<u>(\$32k)</u>
	\$13,438k	\$12,967k	\$471k

- a) The consultancy and contractors variance is due to:
 - Planned consultancy expenditure is less than budgeted, **\$243k**.
 - The research expenditure for the ThinkLearn project will be spent towards the end of the financial year, **\$50k**.
 - Other minor variances, **\$2k**.
- b) Maintenance works are programmed to commence but delays are occurring due to availability of contractors, **\$187k**. Other variances, **\$21k**.
- c) Other minor variances which are not material, **(\$32k)**.

9 Utilities

The variance in utilities is caused by lower than budgeted electricity consumption costs, **\$245k**. This is due to improved efficiency of power consumption and weather conditions.

Other minor variances which are not material, **(\$14k)**.

10 Loss on Asset Disposal

There have been delays with disposing of heavy vehicles. This is partially offset by the City receiving higher than anticipated proceeds from sale of heavy vehicles resulting in profit on asset disposal compared to budgeted loss on asset disposal, **\$73k**.

11 Purchase of Buildings

The underspend is due primarily to the following projects:-

	Budget	Actual	Variance
a) New Proposal for Building Refurbishment	\$63k	\$0k	\$63k
b) Redesign of Council Chambers	\$50k	\$0k	\$50k
c) Arena Community Sports & Recreation Association Clubrooms	\$300k	\$0k	\$300k
	<u>\$413k</u>	<u>\$0k</u>	<u>\$413k</u>

- a) This project is to provide for administration building refurbishment and office redesign as needed. There has been no expenditure incurred to date, **\$63k**.
- b) Orders have been placed for construction works for the doorway to Councillor's Dining Room and it is expected these costs will be expended in February/March 2007, **\$46k**.
- c) This project has been delayed by an extended period to formalise a lease agreement between the City and the WA Sports Centre Trust. It is anticipated that 1/3 of the City's allocation will be called upon in February/March 2007 with remaining funds to be carried forward into 2007/08, **\$300k**.

12 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	\$99k	\$11k	\$88k
d) Court Sports Netting	\$36k	\$0k	\$36k
e) Aquatic Turnstiles	\$71k	\$0k	\$71k
f) Capturing of Approved Building Licence Documents	\$27k	\$0k	\$27k
g) Universal Recycling Service	\$2,200k	\$0k	\$2,200k
h) Corporate PC & Notebook Replacement Program	\$30k	\$7k	\$23k
i) Computer Room Upgrade Infrastructure Projects	\$20k	\$0k	\$20k
j) Other	<u>\$102k</u>	<u>\$93k</u>	<u>\$9k</u>
	<u>\$2,764k</u>	<u>\$108k</u>	<u>\$2,656k</u>

- a) This project has now been completed and no further capital expenditure for this project will be incurred, **\$28k**. Savings will be made in the half year budget review.

- b) YTD expenditure for this project (\$36k) is of an operating nature. All future costs will also be operating nature. This variance will be adjusted in the half year budget review, **\$154k**.
- c) Actual YTD expenditure for the Network Infrastructure Maintenance and Upgrades project is of an operating nature, **\$88k**.
- d) Quotes have been received for the Court Sports Netting project and a recommendation is being prepared. It is anticipated that installation will occur in February 2007, **\$36k**.
- e) Tender submissions for Aquatic Turnstiles have been received. It is anticipated that installation will occur in February 2007, **\$71k**.
- f) These funds will be re-phased as part of the half year budget review and will be fully expended by the end of the financial year, **\$27k**.
- g) The budget for the Universal Recycling Service project will be utilised early in 2007 when expenses for the Recycling services is incurred, **\$2,200k**.
- h) No further capital expenditure is planned for the Corporate PC & Notebook Replacement Program. The variance relates to a smaller than estimated portion of the overall funding being used for acquiring capitalised notebook computers, **\$23k**. Adjustment will be made in the half year budget review.
- i) The Computer Room Upgrade Infrastructure project has been delayed. Consultants have been appointed and have now completed an assessment of requirements for the upgrade. No capital expenditure will be incurred until March, **\$20k**.
- j) Other minor variances which are not material, **\$9k**.

13 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. In addition some light vehicles will be sold without replacement due to lease vehicles being used for new employees, **\$358k**.

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

In addition some items of Mobile plant are in better condition than anticipated and will not be replaced in this financial year, **\$172k**.

Construction of Infrastructure Assets

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

	Budget	Actual	Variance
• Road Resurfacing (a)	\$2,923k	\$1,840k	\$1,083k
• Traffic Management	\$356k	\$478k	(\$122k)
• Drainage	\$110k	\$251k	(\$141k)
• Street Lighting (b)	\$102k	\$31k	\$71k
• Parking Facilities	\$141k	\$284k	(\$143k)
• Major Building Works	\$748k	\$819k	(\$71k)
• Foreshore Protection	\$65k	\$145k	(\$80k)
• Parks and Reserves Enhancement (c)	\$425k	\$319k	\$106k
• Other	\$764k	\$800k	(\$36k)
	<u>\$5,634k</u>	<u>\$4,967k</u>	<u>\$667k</u>

a) Road Resurfacing:-

- There have been delays in commencing the road resurfacing program due to adverse weather conditions and availability of contractors, **\$1,083k**. The City is exploring possible avenues under current market conditions to implement budgeted programs.

b) Street Lighting:-

- The City is currently awaiting a Western Power quotation. In addition expenditure for the program is subject to State underground power program, **\$71k**.

c) Parks and Reserves Enhancement:-

- The underspend on this program is due to delays with the delivery of materials, **\$106k**.
- The over expenditure are associated with projects that commenced earlier than programmed for which expenditure has been incurred earlier than budgeted, currently we are in the process of undertaking the half-year budget review and appropriate adjustments will be made in the revised budget.

15 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, **(\$396k)**.

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

16 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 14), **\$2,704k** and the capitalisation of an earlier contribution to the entity of **\$20k**.

17 Transfers to/from Reserves

Reserve Account	Opening Balance	Transfers From Reserve	Transfer to Reserves	Closing Balance
a) Asset Replacement	\$11,306k	(\$1,803k)	\$319k	\$9,822k
b) Domestic Cart- Refuse Collection	\$2,347k	(\$2,347k)	\$0k	\$0k
c) Leisure Centre Capital Replacement	\$1,452k	(\$1,629k)	\$459k	\$282k
d) Ocean Reef Boat Facility	\$149k	(\$6k)	\$4k	\$146k
e) Joondalup Cultural Facility	\$1,331k	(\$584k)	\$32k	\$779k
f) Sorrento Beach Foreshore Enhancement	\$139k	(\$139k)	\$0k	\$0k
g) Strategic Asset Management	\$2,531k	\$0k	\$555k	\$3,086k
h) Other Reserves	\$5,029k	\$0k	\$152k	\$5,181k
Total	\$24,284k	(\$6,508k)	\$1,521k	\$19,296k

- a) Transfers from the Asset Replacement Reserve of **(\$1,803k)** are to fund expenditure for purchase of Lot 6 Lawley Court.
A transfer to the Asset Replacement Reserve of **\$319k** represents YTD interest earned on the reserve balance.
- b) Transfers from Domestic Cart- Refuse Collection Reserve of **(\$2,347k)** are to partly fund expenditure for the Universal Recycling Service.
- c) Transfers from the Leisure Centre Capital Replacement Reserve of **(\$1,629k)** represent remaining 2005/06 expenditure and YTD 06/07 expenditure for Craigie Leisure Centre.
Transfers to Leisure Centre Capital Replacement Reserve of **\$450k** are grant funds received for the Geo-Thermal Bore and **\$9k** is YTD interest earned on the reserve balance.
- d) Transfers from the Ocean Reef Boat Facility Reserve of **(\$6k)** represent remaining 2005/06 expenditure.
A transfer to Ocean Reef Boat Facility Reserve of **\$4k** is YTD interest earned on the reserve balance.
- e) Transfers from the Joondalup Cultural Facility is to fund the purchase of Lot 500 Kendrew Crescent for the Performing Arts Centre, **\$584k**.
A transfer to the Joondalup Cultural Facility Reserve of **\$32k** is YTD interest earned on the reserve balance.

- f) Transfers from the Sorrento Beach Foreshore Enhancement Reserve of **(\$139k)** are to fund 06/07 expenditure on the Sorrento Beach Project.
- g) 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** and **\$85k** is YTD interest earned on the reserve balance.
- h) Transfers to Other Reserves of **\$152k** represents YTD interest earned on the following reserves:

Cash in Lieu of Parking	\$11k
Cash in Lieu of Public Open Space	\$35k
Community Facilities	\$10k
Heavy Vehicle Replacement	\$21k
Joondalup City Centre Public Parking	\$11k
Library Literacy Program	\$0.1k
Light Vehicle Replacement	\$9k
Plant Replacement	\$31k
Rate Revaluation	\$3k
Section 20A Land	\$1k
Specified Area Rating- Iluka	\$2k
Town Planning Scheme No.1 (Revoked)	\$8k
Wanneroo Bicentennial Trust	\$0.3k
Community Facilities- Kingsley	\$10k
Total	\$152.4k

Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$77,455
Rates and Sundry Debtors	\$12,007
GST Receivable	\$404k
Accrued Income	\$23k
Advances and Prepayments	\$220k
	\$90,109k
<u>Less: Current Liabilities</u>	
Creditors	(\$8,379k)
Provisions	(\$5,812k)
Accrued Expenses	(\$1,608k)
Income in Advance	(\$0k)
GST Payable	(\$78k)
Other- Clearing	(\$1,057k)
	(\$16,934k)
<u>Less: Restricted Assets</u>	
Reserves	(\$19,296k)
Closing Funds	\$53,879k