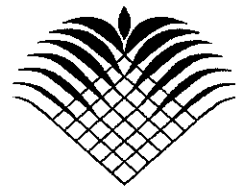


APPENDIX

- - 4 - - -



City of
Joondalup

*Financial Activity Statement for
the Period Ended
30 November 2007*

Contents

Appendix

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

A
B
C

Financial Activity Statement for the period ended 30th November 2007

CITY OF JOONDALUP
Period: NOV-07

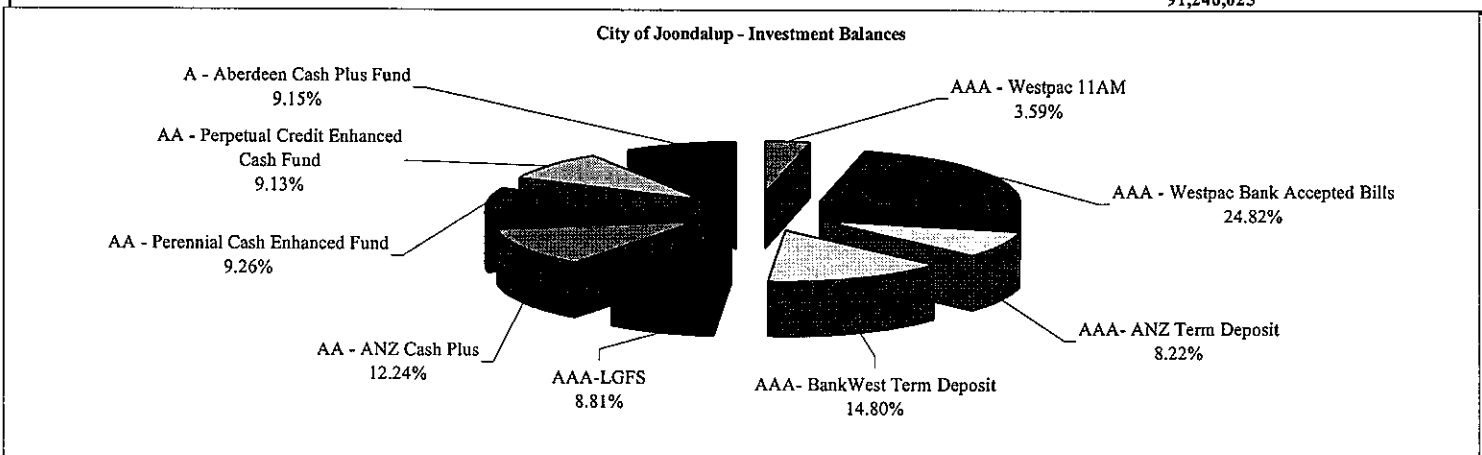
	Note	Adopted Budget	YTD Budget	YTD Actual	YTD Variance	YTD Variance %
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		(56,310,787)	(56,117,287)	(56,116,721)	(566)	0
Rates Specified Area		(141,353)	(141,353)	(144,374)	3,021	(2)
Government Grants and Subsidies		(3,364,026)	(1,676,735)	(1,674,765)	(1,970)	0
Contributions, Reimbursements & Donations	1	(668,646)	(338,684)	(473,894)	135,210	(40)
Profit on Disposal	2	(797,244)	(598,103)	(150,996)	(447,107)	75
Fees & Charges		(20,925,240)	(15,852,687)	(16,207,973)	355,286	(2)
Interest Earnings	3	(3,258,557)	(1,458,751)	(1,261,905)	(196,846)	13
Other Revenue		(115,000)	(43,750)	(36,996)	(6,754)	15
Total Operating Revenue		(85,580,853)	(76,227,350)	(76,067,624)	(159,726)	0
OPERATING EXPENSES						
Employee Costs		35,622,498	14,820,285	14,748,947	71,338	0
Materials & Contracts	4	30,516,132	13,075,000	11,563,919	1,511,081	12
Utilities	5	3,409,028	1,426,372	1,255,326	171,046	12
Depreciation on Assets		16,310,047	6,846,402	6,969,388	(122,986)	(2)
Loss on Disposal		254,756	46,522	46,595	(73)	(0)
Insurance Expenses		1,049,495	991,518	984,033	7,485	1
Interest Expenses		297,910	98,139	80,512	17,627	18
Other Expenses		66,000	66,000	66,279	(279)	(0)
Total Operating Expenditure		87,525,866	37,370,238	35,714,999	1,655,239	4
(SURPLUS)/DEFICIT FROM OPERATIONS		1,945,013	(38,857,112)	(40,352,626)	1,495,514	(4)
CAPITAL REVENUE						
Capital Grants	6	(11,604,574)	(1,780,375)	(2,182,289)	401,914	(23)
Contributions & Reimbursements	7	(143,159)	(143,158)	0	(143,158)	100
Acquired Infrastructure Assets		(5,190,000)	0	0	0	0
Total Capital Revenue		(16,937,733)	(1,923,533)	(2,182,289)	258,756	(13)
CAPITAL EXPENDITURE						
Capital Budget - Capital Projects	8	15,252,775	3,261,507	2,213,366	1,048,141	32
Capital Budget - Capital Works	9	23,876,959	1,851,880	1,614,549	237,331	13
Motor Vehicle Replacement	10	2,490,500	644,000	500,396	143,604	22
Loan Repayment (Principal)		606,879	161,867	161,867	0	0
Equity Investment		0	0	0	0	0
Total Capital Expenditure		42,227,113	5,919,254	4,490,178	1,429,076	24
CAPITAL (SURPLUS)/DEFICIT		25,289,380	3,995,721	2,307,889	1,687,832	42
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL EXPENDITURE		27,234,393	(34,861,391)	(38,044,737)	3,183,346	(9)
ADJUSTMENTS FOR NON-CASH MOVEMENTS						
Depreciation on Assets		(16,310,047)	(6,846,402)	(6,969,388)	122,986	(2)
Loss on Disposal		(254,756)	(46,522)	(46,595)	73	(0)
Profit on Disposal	2	797,242	598,103	150,996	447,107	75
FUNDING						
Proceeds from Disposal	2	(1,398,326)	(740,500)	(389,941)	(350,559)	47
Loan Funds	11	(4,000,000)	(2,500,000)	0	(2,500,000)	100
Transfer from Reserve		(14,563,910)	0	0	0	0
Transfer to Reserve		9,247,653	0	0	0	0
Transfer to Accumulated Surplus		5,190,000	0	0	0	0
Opening Funds		(5,980,367)	(5,980,367)	(7,927,237)	1,946,870	(33)
CLOSING FUNDS	12	(38,118)	(50,377,079)	(53,226,902)	2,849,823	(6)



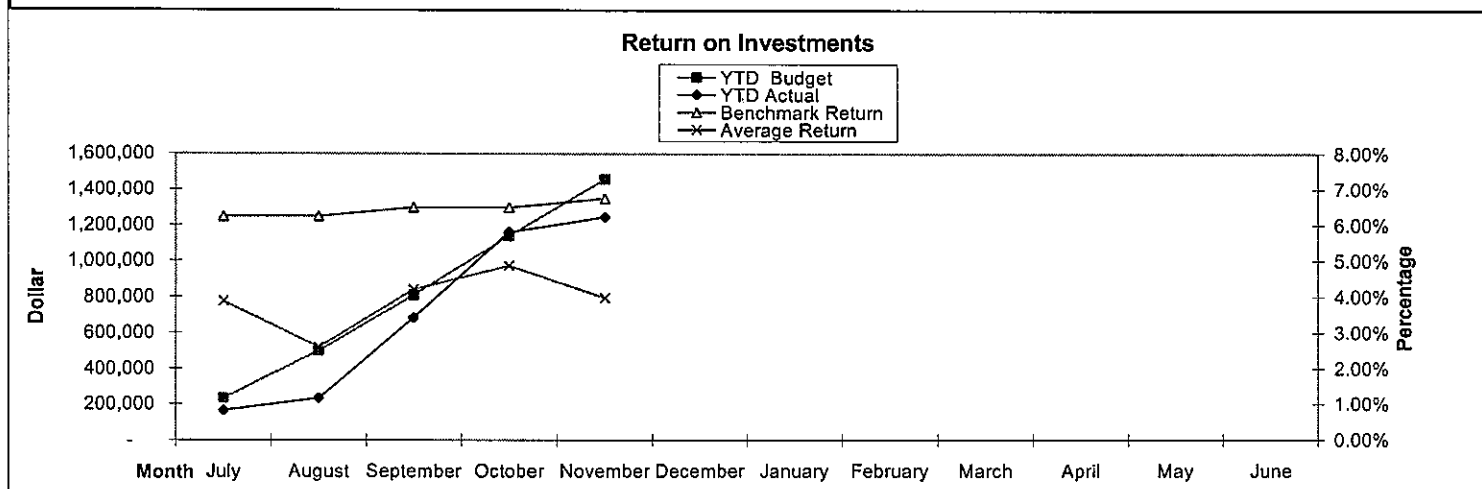
Investment Summary

CITY OF JOONDALUP
November-07

Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
AAA - Westpac 11AM	6.52%	6.40%	3,273,285	3.59%	50%
AAA - Westpac Bank Accepted Bills	6.80%	6.81%	22,645,524	24.82%	50%
AAA- ANZ Term Deposit	7.08%	7.05%	7,500,000	8.22%	50%
AAA- BankWest Term Deposit	7.33%	7.33%	13,500,000	14.80%	50%
AAA-LGFS	7.04%	7.04%	8,037,031	8.81%	50%
AA - ANZ Cash Plus	1.62%	4.35%	11,168,587	12.24%	50%
AA - Perennial Cash Enhanced Fund	-1.88%	3.34%	8,446,198	9.26%	50%
AA - Perpetual Credit Enhanced Cash Fund	-1.54%	3.10%	8,327,213	9.13%	50%
A - Aberdeen Cash Plus Fund	-0.50%	3.61%	8,348,189	9.15%	40%
A- Black Rock Diversified Credit Fund	-29.00%	-2.75%	-	0.00%	40%
Total Investment Portfolio	0.35%	3.98%	91,246,025	100.00%	
Municipal Funds			69,870,641		
Reserve Funds			21,375,384		
			91,246,025		



Month	MTD Budget	YTD Budget	MTD Actual	YTD Actual	Benchmark Return	Average Return
July	234,206	234,206	167,019	167,019	6.25%	3.88%
August	264,234	498,440	65,108	232,127	6.25%	2.59%
September	309,808	808,248	450,844	682,970	6.50%	4.21%
October	332,657	1,140,905	478,176	1,161,146	6.50%	4.87%
November	318,322	1,459,227	85,275	1,246,422	6.75%	3.98%



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 30 NOVEMBER 2007**

1 Contributions, Reimbursements & Donations – Operating

The year to date variance for Contributions, Reimbursements and Donations relates mainly to the following:

a) Sponsorships Income	\$(49)k
b) Legal Fees	\$50k
c) Rates	\$47k
d) Utility Charges	\$38k
e) Discounts Received	\$(18)k
f) Reinstatement of Works	\$(16)k
g) Miscellaneous Reimbursements	\$83k
	<u>\$135k</u>

a) Sponsorship Income of \$40k for the Summer Concerts was budgeted to be received in November, this is now expected to be received late January.

b) The year to date variance on Legal Fee Reimbursements is mainly due to \$61k invoiced to the Mullaloo Progress Association and claiming the recovery of Supreme Court Costs, offset by an adverse variance in Rates recovery costs compared to budget.

c) The year to date variance on Rates Reimbursements of \$47k relates to the recharging of prior years rates from Wanneroo Council for Tamala Park to Mindarie Regional Council. (Please see Note 4b below)

d) The Utility Charges variance includes \$27k invoiced to Silver Chain Nursing Association for the period August 2006 to July 2007, which was not included in the 2007/08 budget.

e) Early payment discount is below budget as the volume of business with a major service provider who offers the discount is significantly reduced.

f) Reinstatement of Works revenue is below that budgeted due to lower levels of work done for external stakeholders.

g) Two unbudgeted amounts were received from the LGIS Liability, Workcare and Property Self Insurance schemes. An amount of \$57k was received as a bonus dividend payment based on claims experience of member Councils. A further \$57k was received in respect of the close out adjustment for the 2001/02 Workers Compensation claim year.

2 Profit on Disposal

The year to date variance is due to the budgeted profit of (\$510k) for the sale of land at Edingurgh Avenue, Kinross that has been delayed due to ongoing contract negotiations, this is anticipated to complete later in the financial year. This has been partially offset by unbudgeted profit of \$62k for a Mitsubishi Grader that was sold as no longer required.

3 Interest Earnings

The City received a year to date portfolio return of 3.98% compared to a budgeted return of 6.15%, resulting in reduced revenue compared to budget of \$(197)k. The variance is mainly attributed to the realisation of the adverse market valuation of the Black Rock Diversified Credit Fund of \$(171)k. Funds invested in Black Rock were switched to other investments in order to minimise Councils exposure to this under performing fund.

The realignment of the portfolio and the strong growth in the Australian economy is likely to see an overall improvement in the returns in the coming months.

4 Materials and Contracts

The details of the under expenditure in materials and contract costs are as follows: -

a) Administration	\$483k
b) Accommodation & Property	\$(94)k
c) Consultancy & Contractors	\$312k
d) Computing	\$86k
e) Contributions and Donations	\$(236)k
f) Equipment	\$226k
g) Materials	\$269k
h) Land & Buildings Expenditure	\$157k
i) Service Charges From Other Councils	\$281k
Other Service Expenses	\$27k
	<u>\$1511k</u>

Year to date variances are attributable to the following:

a) The Administration variance is partially due to \$150k reduction in printing costs compared to budget, including \$15k in Infrastructure Traffic Management where the expected Grant was not received and \$43K relating to the Craigie Leisure Centre who are utilising more in-house printing facilities than budgeted. The remaining printing variance is due to phasing in the budget and will be caught up as the year progresses. A favourable variance to budget of \$297k also arose due to the timing of the election costs, which will be paid in February and are expected to be within the budget.

- b) Accommodation and Property includes Rates paid to the City of Wanneroo for Tamala Park \$(85)k, which arose since the budget was adopted and of which \$47 has been apportioned to Mindarie Regional Council as reported above.
- c) Consultancy costs were \$312k below budget due to delays compared to the budget phasing, with the main expenditure to date of \$97k occurring in Infrastructure Management for the Land Scaping Master Plan. The total consulting budget for the year is expected to be below budget.
- d) The Computing expenditure variance is mainly due to timing differences occurring in the payment of annual software licences and maintenance agreements. A variance of \$(154)k on maintenance agreements is more than offset by the delay in payment of \$235K for software licences, which will be made in January. Overall the annual actual expenditure will not be materially different to budget.
- e) The Contributions and Donations variance is primarily due to the initial payment for the Arena Community Sport Funding of \$(284)K. This was included in the previous year's budget but was not spent nor budgeted for in the current financial year. It will be adjusted in the Budget Review.
- f) A total of \$(101)k for computer equipment was spent early under the Corporate PC and Printer Replacement Program, which was necessary to be brought forward when compared to budget owing to the general upgrade to Office 2007. This adverse variance was offset by other amounts forecast to be spent in the budget, but which were still to occur. These were primarily \$187k for the City's Community Facilities Furniture Replacement Program, \$40k Minor Plant & Equipment Purchases for the Waste Management Program, \$15k for new equipment for Elected Members, plus a range of smaller accounts in the areas of Operations, Parks and Engineering.
- g) The Materials variance is mainly below budget in Operation Services with the main areas being \$198k for maintenance of medians and verges and associated work, and \$122k for Building work for various Council and Community buildings. Much of the budget work is forecast in the coming six-month period. The main areas of over expenditure relates to External Contractor expenses in Waste Management \$(141)k, which includes additional transport costs arising from the use of alternative recycling arrangements to the Wangara Materials Recycling Facility. The additional costs are partly offset by reductions in Services Charges from Other Councils. Other External Contractor costs over budget occurred in Graffiti Control \$(97)k arising from the increased scope of works and Dry Parks \$(88)k.
- h) This variance is mainly due to the budgeted work of \$150k for reinstatement costs of the car park retaining wall at Ocean Reef Boat Harbour that is still to commence.
- i) The favourable variance on Service Charges from other councils of \$281k reflects the current offset of lower volumes owing to alternative recycling facilities being utilised. Future periods are expected to more closely align with the budget.

5 Utilities

a)	Electricity / Gas	\$198k
b)	Water	\$(27)k
		<u>\$171k</u>

a) A saving against budget of \$194k occurred in electricity charges across the City due to lower consumption than what was envisaged.

b) Water charges are above budget across various cost centres.

6 Capital Grants Revenue

The Capital Grants revenue variance relates mainly to the early draw down on the Roads To Recovery Program for the extension of the Freeway to Burns Beach Road. This has been partially offset by other programs being behind budget.

7 Contributions & Reimbursements

The details of the variance is as follows: -

a)	Sorrento Surf Club	\$67k
b)	Kingsley Reserve Floodlights	\$26k
c)	Schools Various	\$50k
		<u>\$143k</u>

Completion of Capital Works and take up of the assets are forecast in the budget earlier than can now be expected. Contributions to completed works are to be received equally from the Community Sports & Recreation Facilities Fund and the respective Sports Clubs.

8 Capital Projects

The underspend is due primarily to the following projects: -

	Annual Budget	YTD Budget	Actual	Variance
a) Joondalup Works Depot	\$6200k	\$1860k	\$1552k	\$308k
b) Parking Lot 6 Lawley Court	\$0k	\$0k	\$192k	\$(192)k
c) Joondalup Drive Masterplan	\$192k	\$174k	\$0k	\$174k
d) Ocean Reef Development	\$1200k	\$300k	\$0k	\$300k
e) Fee Paid Car Parking Joondalup CBD	\$1200k	\$120k	\$0k	\$120k
f) Data Centre Upgrade	\$255k	\$255k	\$96k	\$159k
g) Document Management	\$320k	\$70k	\$0k	\$70k
h) IT Service Management Systems	\$105k	\$105k	\$0k	\$105k
i) Other	\$5781k	\$377k	\$373k	\$4k
	<u>\$15253k</u>	<u>\$3261k</u>	<u>\$2213k</u>	<u>\$1048k</u>

- a) The Works Depot variance is due to costs being incurred later than budgeted.
- b) Actual expenditure on Parking Lot 6 Lawley Court relates mainly to Works Infrastructure invoices received in July 07, these relate to the prior year expenditure that was not accrued for.
- c) – j) These variances are due to projects commencing at a later date than budgeted.

9 Capital Works

	Annual Budget	YTD Budget	Actual	Variance
a) Major Building Works	\$1069k	\$174k	\$163k	\$11k
b) Council Works – Car Parks CP1	\$850k	\$0k	\$1k	\$(1)k
c) Road Resurfacing Program	\$3276k	\$675k	\$883k	\$(208)k
d) Roads to Recovery Program	\$1868k	\$200k	\$40k	\$160k
e) Parking Facilities	\$250k	\$140k	\$151k	\$(11)k
f) Drainage	\$415k	\$0k	\$4k	\$(4)k
g) Footpaths	\$350k	\$0k	\$(11)k	\$11k
h) Foreshore Protection/Restoration	\$355k	\$10k	\$(7)k	\$17k
i) Parks & Reserves	\$1600k	\$215k	\$205k	\$10k
j) Playground Equipment	\$205k	\$0k	\$20k	\$(20)k
k) Roadworks	\$10882k	\$50k	\$15k	\$35k
l) Sporting Facilities	\$242k	\$12k	\$1k	\$11k
m) Street Lighting	\$235k	\$0k	\$0k	\$0k
n) Streetscape Enhancement	\$201k	\$0k	\$(6)k	\$6k
o) Traffic Management	\$1358k	\$251k	\$160k	\$91k
p) Other Capital Works	\$721k	\$125k	\$(4)k	\$129k
	<u>\$23877k</u>	<u>\$1852k</u>	<u>\$1615k</u>	<u>\$237k</u>

- a) The Major Building Works to date includes the Joondalup Administration Building basement modifications and lift upgrade.
- b) The project is in the early design phase and work is yet to be commenced.
- c) Road Resurfacing work includes a significant amount of work on suburban roads, Marmion and Whitfords Avenue. Overall the program will be within the budget for the year.
- d) The Roads to Recovery Program commenced with work on Wanneroo Road / King Streets in Woodlake Reserve with expenses occurring later than budgeted.
- e)– p) The variances on other Capital Works are due to projects commencing at a later date than budgeted.

10 Motor Vehicle Replacement

This variance is due to orders being placed later than budgeted, however expenditure on the plant replacement programme is forecast to be on budget for the year.

11 Loan Funds

This variance relates to borrowings for the Fee Paying Parking, which is to be implemented later in the year than budgeted

12 Closing Funds

	Actual
<u>Current Assets</u>	
Cash Assets	\$91,722k
Rates and Sundry Debtors	\$13,282k
GST Receivable	\$446k
Accrued Income	\$329k
Advances and Prepayments	\$123k
	\$105,902k
<u>Less: Current Liabilities</u>	
Creditors	(\$9,943k)
Provisions	(\$6,328k)
Accrued Expenses	(\$4,879k)
Income in Advance	(\$0k)
GST Payable	(\$66k)
Other- Clearing	(\$125k)
	(\$21,341k)
<u>Less: Restricted Assets</u>	
Reserves	(\$31,367k)
Movement in Long Term Provisions	\$33k
Closing Funds	\$53,227k