



City of
Joondalup

*Financial Activity Statement For
The Period Ended
31 October 2005*

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Material Variances

For the financial year ended 30 June 2006, Council has adopted a variance amount of \$50,000 or 5% of the appropriate base, whichever is higher, to be a material variance.



Financial Activity Statement for the period ended 31 October 2005

	Name	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance %
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		48,994,368	48,734,368	48,510,826	(176,558)	0
Rates - Specified Area		116,592	116,592	116,552	(40)	(0)
Government Grants & Subsidies	1	9,024,744	1,933,783	2,166,329	232,544	12
Contributions, Reimbursements and Donations		8,471,734	1,250,072	1,331,618	(18,854)	(1)
Profit on Asset Disposal		54,596	48,989	61,364	14,375	29
Fees & Charges	2	16,086,134	11,383,340	11,222,964	(160,376)	(16)
Interest Earnings	3	2,240,000	754,493	1,066,405	312,002	41
Other Revenue		126,000	42,000	61,017	19,017	45
		86,640,172	64,563,439	64,539,203	(24,174)	(10)
OPERATING EXPENDITURE						
Employee Costs	4	30,652,013	9,364,330	8,240,727	1,323,603	14
Materials & Contracts	5	26,554,913	8,595,408	7,722,337	868,111	10
Utilities (Gas, Electricity, Water etc)	6	3,144,368	1,367,658	914,681	1,222,777	52
Depreciation on Non Current Assets		15,030,810	5,008,964	5,051,192	(42,228)	(1)
Loss on Asset Disposal		260,445	104,051	54,982	(40,069)	(47)
Insurance Expenses		939,272	312,215	318,687	(6,472)	(1)
Other Expenses		45,000	13,000	51,317	(16,317)	(242)
		76,676,831	24,662,636	22,371,923	2,290,713	9
SURPLUS/(DEFICIT) FROM OPERATIONS						
		7,963,290	39,900,803	42,167,342	2,266,539	0
CAPITAL EXPENDITURE						
Purchase of Land		0	0	0	0	0
Purchase of Buildings		0	0	0	0	0
Purchase of Networks		20,000	5,000	20,000	(15,000)	(300)
Purchase of Furniture & Equipment	7	1,814,878	847,875	64,870	522,045	89
Purchase of Vehicles & Plant	8	1,517,000	1,022,000	799,892	1,122,108	58
Acquired Infrastructure Assets		3,750,000	0	0	0	0
Construction of Infrastructure Assets	9	32,932,718	10,679,733	7,046,274	3,633,459	34
SUB TOTAL CAPITAL EXPENDITURE						
		42,034,636	13,194,808	7,830,996	5,263,612	40
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE						
		(34,071,347)	26,705,995	34,336,346	7,530,401	28
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,030,810	5,008,964	5,051,192	(42,228)	(1)
Loss on Disposal		260,445	104,051	54,982	(40,069)	(47)
Profit on Disposal		(14,596)	(48,989)	(63,364)	(14,375)	(29)
Adjustments for Other Cash Movements						
Proceeds from Disposal	10	1,265,000	(768,800)	(359,732)	409,048	(33)
Loan funds		900,000	0	0	0	0
Loan repayments (principal)		(226,493)	55,895	55,898	0	0
Funded From						0
Transfers from Reserves	11	20,764,314	1,367,200	2,801,766	1,134,166	83
Transfers to Reserves	12	(12,073,877)	(345,829)	(235,627)	110,201	(32)
Opening Funds		8,229,698	8,229,698	8,220,279	9,419	(0)
Closing Funds		(2)	40,308,139	49,461,320	9,153,181	23

Capital Expenditure Summary

Appendix B

CITY OF JOONDALUP

October-05

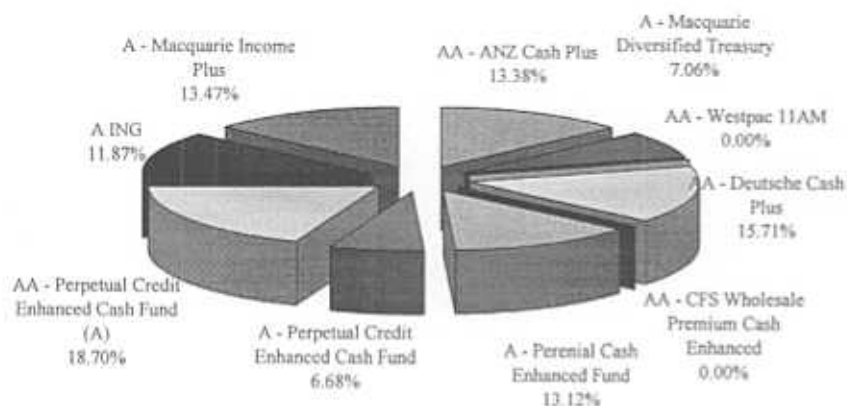
	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Expenditure						
Computer & Computer Equipment	7	1,508,793	493,375	54,272	439,103	89
Furniture & Office Equipment		134,985	14,500	10,558	3,942	27
Heavy Vehicles	8	980,000	435,000	163,840	271,160	62
Light Vehicles	8	1,795,000	1,152,000	495,897	656,103	57
Mobile Plant	8	742,000	335,000	140,155	194,845	58
Plant & Equipment	7	171,100	80,000	0	80,000	100
Artifacts & Artworks		20,000	5,000	20,000	(15,000)	(300)
Parks & Reserves Infrastructure		105,000	0	0	0	0
Roads Infrastructure		2,450,000	0	0	0	0
Footpaths Infrastructure		235,000	0	0	0	0
Drainage Infrastructure		785,000	0	0	0	0
Car Parking Infrastructure		0	0	0	0	0
Other Engineering Infrastructure		175,000	0	0	0	0
Capital Expenditure Total		9,101,878	2,514,875	884,722	1,630,153	65



Capital Works Summary

CITY OF JOONDALUP
October-05

	Note	Adopted Budget	YTD Budget	YTD Spend Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Works						
Joondalup Council Depot		6,954,426	12,426	0	12,426	100
Craigie Leisure Centre Refurbishment	9	3,947,141	3,595,000	2,949,813	645,187	18
Joondalup Cultural Facility	9	1,187,444	385,000	0	385,000	100
Sorrento Beach Project	9	1,800,000	257,140	9,171	247,969	96
Ocean Reef Boat Harbour		1,030,645	35,000	0	35,000	100
Currambine Community Centre		160,000	0	7,000	(7,000)	100
Road Resurfacing	9	4,496,679	1,553,898	922,484	631,414	41
Joondalup Drive Development	9	1,102,384	1,044,377	861,666	182,711	17
Burns Beach Road Development		1,500,000	0	6,264	(6,264)	100
Ocean Reef Road Development	9	1,660,664	1,577,450	1,132,791	444,659	28
Other Roadworks		56,199	6,199	7,456	(1,257)	(20)
Traffic Management	9	2,360,457	499,457	303,831	195,626	39
Drainage	9	884,067	148,989	73,835	75,154	50
Street Lighting		338,516	29,040	15,595	13,445	46
Streetscape Enhancement		19,223	3,800	13,891	(10,091)	(266)
Shared Paths/Bicycle Facilities		285,606	9,956	748	9,208	92
Footpaths	9	364,800	113,800	170,456	(56,656)	(50)
Parking Facilities		372,100	44,500	22,931	21,569	48
Library Building Works	9	562,247	219,522	147,495	72,028	33
Administration Building Works	9	917,516	325,551	169,418	156,133	48
Other Building Works	9	873,731	196,784	42,167	154,617	79
Foreshore Protection	9	459,991	227,491	119,888	107,603	47
Sporting Facilities		399,366	53,718	11,460	42,258	79
Playground Equipment	9	337,236	94,728	4,584	90,144	95
Parks & Reserves Enhancement	9	862,320	245,907	53,330	192,577	78
Capital Works Total		32,932,758	10,679,733	7,046,274	3,633,459	34

City of Joondalup - Investment Balances


Investment Account	Funds Held
	\$
AA - ANZ Cash Plus	8,583,080
A - Macquarie Diversified Treasury	4,529,753
AA - Westpac 11AM	-
AA - Deutsche Cash Plus	10,074,364
AA - CFS Wholesale Premium Cash Enhanced	-
A - Perennial Cash Enhanced Fund	8,416,551
A - Perpetual Credit Enhanced Cash Fund	4,286,091
AA - Perpetual Credit Enhanced Cash Fund (A)	11,993,964
A ING	7,610,001
A - Macquarie Income Plus	8,642,258
Total Funds held in AA + A Investments	64,136,062

Total	64,136,062
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Amount included in total funds invested that relate to reserves:

\$ 19,795,018

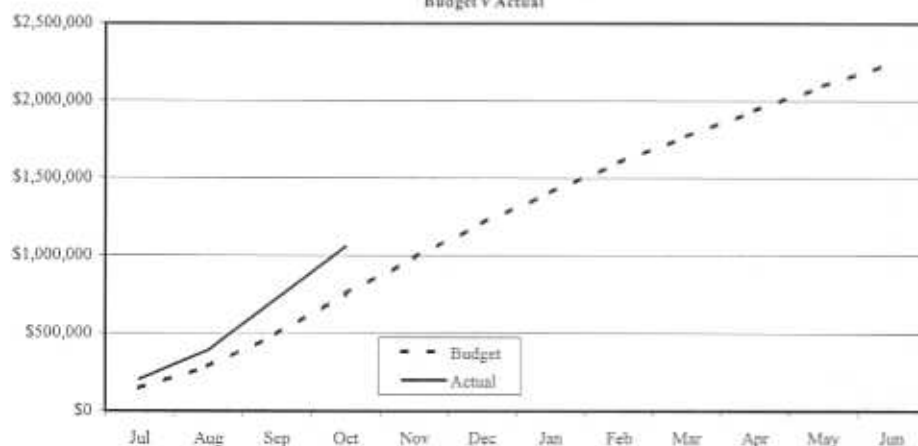
Other Comments

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

'A' not to exceed 40%

'AA' not to exceed 50%

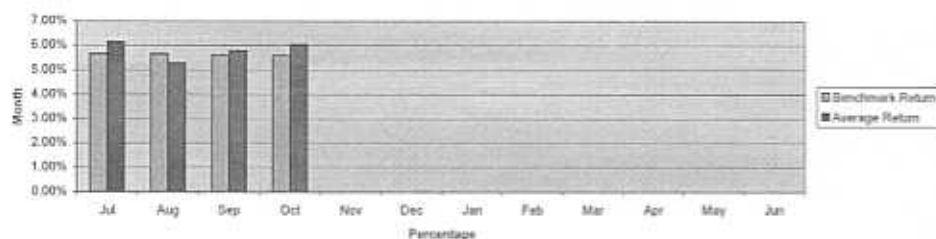
No breach of Council Policy 2.4.2 has occurred during the month.

**Interest on Investments 2005/06
Budget v Actual**

Return on Investments

Year to Date Interest:	Budget	Actual
	\$0.754m	\$1.066m

Average return for the portfolio:	6.04%
Benchmark return:	5.60%

The Benchmark is the UBSWA Bank Bill Index (a 90 day index of bank bill returns)

Return on Investments


**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 OCTOBER 2005**

1 Government Grants & Subsidies

The Direct Grant from Main Roads was received for **\$266k** during the month, it had been budgeted to be received in December.

2 Fees and Charges

The sale of a portion of Lot 3 (5) Trappers Drive and associated easements was budgeted as a miscellaneous sale in August for **\$470k**, but has been delayed.

Delays in opening the Craigie Leisure Centre due to difficulties associated with the geo-thermal bore have resulted in reduced revenue in the following areas;

- user fees, **\$97k**,
- learn to swim program fees, **\$57k**,
- other membership fees, **\$97k**,
- hire of facilities, **\$42k**.

It was anticipated that new ranger positions would generate additional parking fines revenue of **\$45k** for the year up to October, however the creation of the new positions has been delayed and no additional revenue was generated.

This is offset by additional revenue received from rates instalment charges, **\$97k** and interest on outstanding rates, **\$58k**. A greater number of people than anticipated have opted to pay their rates by instalment generating the additional revenue.

3 Interest Earnings

The City received a YTD portfolio return of **6.06%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$121k** attributable to the higher rate of interest. The average balance of funds invested was **\$64.0m** compared to the budgeted amount of **\$56.7m**, resulting in additional revenue of **\$190k**.

4 Employee Costs

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

• Salary positions in the 2005/06 approved establishment	\$794k
• Wage positions in the 2005/06 approved establishment	\$185k
• Salary positions to be added to the establishment as a result of new 2005/06 projects	\$156k
• Wage positions to be added to the establishment as a result of new 2005/06 projects	\$52k
• Staff Training	\$57k

• Uniforms	\$29k
• Other	\$51k
	<u>\$1,324k</u>

The underspend in staff training is due to restriction on expenditure while a review of staff training plans was undertaken. The underspend in uniforms is due mostly to the Craigie Leisure Centre, where the purchase of new uniforms has been deferred by the delay of re-opening the facility.

5 Materials & Contracts

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$403k	\$93k	\$310k
b) Equipment	\$303k	\$168k	\$135k
c) Professional Fees and Costs	\$691k	\$573k	\$118k
d) Administration	\$515k	\$409k	\$106k
e) Finance Related Costs	\$180k	\$130k	\$50k
f) Other	<u>\$6,498k</u>	<u>\$6,349k</u>	<u>\$149k</u>
	\$8,590k	\$7,722k	\$868k

- a) Consultancy was budgeted at **\$403k**, but spent only **\$93k** for the year to date. A revised centralised process has been introduced in relation to the commissioning of consultants. The variance may proportionately be reduced during the remaining period of the year.
- b) **\$109k** was budgeted for minor furniture for the year to date, but only **\$25k** had been spent. This was due primarily to projects within the libraries, which have been delayed awaiting results of expressions of interest. It is expected expenditure will begin in November. In addition, **\$36k** had been budgeted for hire of equipment for the Craigie Leisure Centre gym which was not spent due to a delay in opening the facility.
- c) The panel inquiry has budgeted year to date expenditure for legal fees of **\$259k**, but actual expenditure totalled **\$20k**. The full cost of legal expenses for the inquiry will be known in due course. However, this is offset by valuation fees, which were budgeted for **\$271k** but totalled **\$430k**. The expenditure was not fully included in the 2005/06 budget and will need to be adjusted in the half year review.
- d) The year to date budget for printing was **\$133k**, however only **\$80k** was spent, due primarily to a deferral by libraries relating to sub-branding, which is expected to be resolved early next year, and timing of printing the annual report, which is now expected to be printed in November.

In addition, advertising had a year to date budget of **\$116k**, but only spent **\$61k**. The variance is due primarily to the budget for the re-opening of the Craigie Leisure Centre which will be spent when the facility re-opens.

- e) Bank fees have a year to date budget of **\$81k**, but actual expenditure of **\$43k**. Outstanding invoices are expected to be paid in November.

6 Utilities

Electricity has a year to date budget of **\$979k**, but actual expenditure was only **\$837k**. Wet weather required less irrigation than anticipated, and this resulted in reduced electricity usage.

7 Purchase of Furniture and Equipment

The underspend is due primarily to the following information technology projects: -

	Budget	Actual	Variance
a) Payroll System	\$150k	\$0k	\$150k
b) Network Infrastructure Upgrade	\$90k	\$0k	\$90k
c) Corporate PC and Notebook Replacement Program	\$80k	\$0k	\$80k
d) Additional Two Man Mowing Crew	\$80k	\$0k	\$80k
e) Two Way Radio System	\$60k	\$0k	\$60k
f) Other	\$128k	\$65k	\$63k
	\$588k	\$65k	\$523k

- a) The payroll system upgrade will not be undertaken until late in the financial year.
- b) Quotations have been received for the replacement program and it is expected that new machines will begin being purchased in November.
- c) Planning for the corporate PC upgrade is underway, and it is anticipated that payment will be made in November/December.
- d) Expenditure on new capital equipment for a three man mowing crew, **\$80k**, has been deferred until next calendar year.
- e) The purchasing contracts for the two way radio system are being finalised, and it is anticipated that spending will occur in November/December.

8 Purchase of Vehicles and Plant

The purchase of heavy vehicles, **\$435k**, light vehicles, **\$715k**, and mobile plant, **\$270k**, has been delayed due to the creation of new internal administration procedures for the purchase of vehicles under the State Government contract. It is expected that acquisition of new vehicles will occur in November.

This is offset by the purchase of a refuse truck, **\$164k**, tractor, **\$75k**, and a truck, **\$59k**. Each vehicle had been budgeted for in 2004/05 as it was expected to be delivered prior

to the end of the financial year. Delivery was delayed due to unforeseen circumstances of the supplier.

9 Construction of Infrastructure Assets

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

	Budget	Actual	Variance
a) Craigie Leisure Centre Refurbishment	\$3,595k	\$2,950k	\$645k
b) Road Resurfacing	\$1,554k	\$922k	\$632k
c) Ocean Reef Road	\$1,577k	\$1,133k	\$444k
d) Joondalup Cultural Facility	\$385k	\$0k	\$385k
e) Sorrento Beach Project	\$257k	\$9k	\$248k
f) Traffic Management	\$499k	\$304k	\$195k
g) Parks & Reserves	\$246k	\$53k	\$193k
h) Joondalup Drive	\$1,044k	\$861k	\$183k
i) Administration Building Maintenance	\$325k	\$169k	\$156k
j) Other Building Maintenance	\$197k	\$42k	\$155k
k) Foreshore Protection	\$227k	\$120k	\$107k
l) Playground Equipment	\$95k	\$5k	\$90k
m) Drainage	\$149k	\$74k	\$75k
n) Library Building Maintenance	\$220k	\$147k	\$73k
o) Footpaths	\$114k	\$171k	(\$57k)
p) Other	\$196k	\$86k	\$110k
	\$10,680k	\$7,046k	\$3,634k

- a) Finalisation of the refurbishment of the Craigie Leisure Centre has been delayed as a result of difficulties associated with the geothermal bore. The delays have resulted in an underspend of **\$645k** against the year to date budget.
- b) There were delays in commencing new projects in the road resurfacing program while determination of specific works in the program were being finalised, **\$632k**.
- c) The Ocean Reef Road development was completed on 31st October and the City is now awaiting the final invoice for the project, **\$444k**.
- d) The City has agreed to pay half the costs of construction for the road alongside Joondalup Cultural Facility development site, **\$385k**. The final amount to be paid is currently under negotiation and is expected to be paid in November/December.
- e) Work has commenced on the Sorrento Beach Project, with the first payment expected to be made in November, **\$248k**.
- f) The City is assessing traffic management works completed by the City of Stirling on Beach Road, and it is anticipated that payment will be made in November, **\$100k**.

- g) Adverse weather conditions have delayed progress on parks and reserves works, particularly Lakeside Park, **\$45k**, George Sears Park, **\$56k**, and Oleaster Park, **\$36k**.
- h) Negotiations with Western Power over Joondalup Drive have been completed, and the final lighting connections are being installed. It is anticipated that the project will be completed and fully paid for by the end of November, **\$183k**.
- i) Maintenance work on the lifts in the civic chambers has progressed as scheduled, and the City is now awaiting invoices from the contractor, **\$47k**. A lift replacement was also budgeted, **\$72k**, and this will take place once the above maintenance is complete.
- j) Construction of the toilet block in the Joondalup City centre has been delayed pending approval by the Western Australian Planning Commission, **\$47k**. It is expected that approval will be received and the project be undertaken in November/December. The upgrade of plumbing in Neil Hawkins park has been delayed while soil samples are taken, **\$50k**.
- k) Progress on foreshore protection has been delayed due to adverse weather, **\$107k**.
- l) Design work on new playground equipment is complete and installation will begin in November. It is anticipated that the installation will be completed and paid for by November/December, **\$90k**.
- m) Drainage works on Collier Pass are complete, but fencing works still need to be complete, **\$19k**. It is anticipated that the fencing will be completed in January, subject to the availability of contractors.
- n) The installation of air conditioning at Whitford Library is complete, and is now awaiting final inspection, **\$90k**.
- o) Footpath slab replacement projects were brought forward to co-ordinate with work on Geneff Park, **\$52k**.

10 Proceeds from Disposal

The trade-in of heavy and light vehicles and mobile plant has been delayed due to the creation of new internal administration procedures for the trade-in of vehicles under the State Government contract. It is expected that vehicles being replaced will begin being disposed of in November.

This was offset by vehicles which were part of the previous year's vehicle replacement program being disposed of during July this financial year, **\$97k**.

11 Transfers from Reserves

Transfers from reserves for the Craigie Leisure Centre total **\$2.2m**, compared to a year to date budget of **\$0.0m**. This is a timing variance as the transfer was budgeted for in June 2006. This is offset by budgeted transfers for heavy and light vehicles and mobile plant, which had a year to date budget of **\$1.2m**, not occurring due to delays in purchases.

12 Transfers to Reserves

Transfers to reserves for heavy and light vehicles and plant were budgeted for **\$0.3m**, but only totalled **\$0.2m**, due to reduced usage of vehicles in the first quarter.