

APPENDIX 5



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

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
<b>OPERATING REVENUE</b>						
Rates		48,494,368	48,694,368	48,703,900	9,532	0
Rates - Specified Area		116,592	116,592	116,592	0	0
Government Grants & Subsidies	1	9,024,744	1,069,083	1,628,778	559,695	52
Contributions, Reimbursements and Donations	2	8,475,736	694,756	1,026,273	331,517	48
Profit on Asset Disposal		74,596	0	28,093	28,093	100
Fees & Charges	3	16,080,136	10,339,857	9,699,308	(540,549)	(56)
Interest Earnings	4	2,248,000	283,354	394,149	108,795	28
Other Revenue		126,000	21,000	26,751	15,751	75
		84,640,172	61,221,010	61,633,844	412,834	1
<b>OPERATING EXPENDITURE</b>						
Employee Costs	5	30,652,013	4,757,128	4,053,426	703,702	15
Materials & Contracts	6	26,584,915	4,258,078	3,752,015	506,063	12
Utilities (Gas, Electricity, Water etc)		3,164,388	557,847	517,674	40,173	7
Depreciation on Non Current Assets		13,030,810	2,504,482	2,525,968	(21,486)	(1)
Loss on Asset Disposal		260,485	0	32,333	(32,333)	100
Insurance Expenses		939,272	154,357	162,439	(7,082)	(5)
Other Expenses		45,000	7,500	0	7,500	100
		76,676,883	12,229,892	11,043,855	1,186,037	10
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>		7,963,289	48,991,118	50,589,989	1,608,871	3
<b>CAPITAL EXPENDITURE</b>						
Purchase of Land		0	0	0	0	0
Purchase of Buildings		0	0	20,182	(20,182)	100
Purchase of Artworks		20,000	0	0	0	0
Purchase of Furniture & Equipment	7	1,814,878	251,959	84,224	1,973,705	78
Purchase of Vehicles & Plant	8	3,517,000	54,000	619,242	(505,242)	(1,047)
Acquired Infrastructure Assets		3,750,000	0	0	0	0
Construction of Infrastructure Assets	9	32,932,758	4,808,345	3,928,323	880,022	18
<b>SUB-TOTAL CAPITAL EXPENDITURE</b>		42,034,636	5,114,304	4,621,971	492,333	10
<b>SURPLUS (DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE</b>		(34,071,347)	43,876,814	45,968,018	2,101,204	5
<b>Adjustments for Non-Cash Movements</b>						
Depreciation on Assets		13,030,810	2,504,482	2,525,968	21,486	1
Loss on Disposal		260,485	0	32,333	(32,333)	100
Profit on Disposal		(74,596)	0	(28,093)	(28,093)	100
					0	0
<b>Adjustments for Other Cash Movements</b>						
Proceeds from Disposal	10	1,265,000	0	(130,943)	(130,943)	100
Loan funds		900,000	0	0	0	0
Loan repayments (principal)		(228,493)	0	0	0	0
					0	0
Funded From:						
Transfers from Reserves		20,764,314	195,000	195,000	0	0
Transfers to Reserves	11	(12,075,573)	(132,914)	(255,627)	(62,713)	36
Optimising Funds		8,229,698	8,229,698	8,220,279	(9,419)	(0)
Closing Funds		(2)	54,623,080	56,546,955	1,923,855	4

# Capital Expenditure Summary

Appendix B

CITY OF JOONDALUP

August-05

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Expenditure						
Computer & Computer Equipment	7	1,508,793	198,625	46,091	152,534	77
Furniture & Office Equipment		134,985	0	8,133	(8,133)	100
Heavy Vehicles	8	980,000	0	163,840	(163,840)	100
Light Vehicles	8	1,795,000	54,000	380,157	(326,157)	(604)
Mobile Plant	8	742,000	0	75,245	(75,245)	100
Plant & Equipment	7	171,100	53,334	0	53,334	100
Artifacts & Artworks		20,000	0	0	0	0
Purchase of Buildings		0	0	20,182	(20,182)	100
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	305,959	693,648	(387,689)	(127)

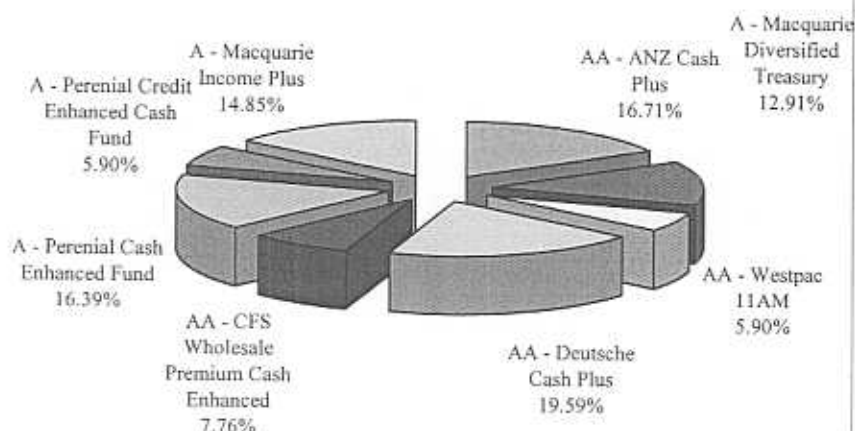


# Capital Works Summary

CITY OF JOONDALUP  
August-05

	Note	Adopted Budget	YTD Budget	YTD Spend Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Works						
Joondalup Council Depot		6,954,426	0	0	0	0
Craigie Leisure Centre Refurbishment	9	3,947,141	2,095,000	2,184,903	(89,903)	(4)
Joondalup Cultural Facility		1,187,444	0	0	0	0
Sorrento Beach Project		1,800,000	0	5,481	(5,481)	100
Ocean Reef Boat Harbour		1,030,645	5,000	0	5,000	0
Currambine Community Centre		160,000	0	0	0	0
Road Resurfacing	9	4,496,679	704,896	283,958	420,938	60
Joondalup Drive Development	9	1,102,384	494,377	407,532	86,845	18
Burns Beach Road Development		1,500,000	0	0	0	0
Ocean Reef Road Development	9	1,660,664	747,150	369,787	377,363	51
Other Roadworks		56,199	0	7,456	(7,456)	100
Traffic Management		2,360,457	138,457	186,864	(48,407)	(35)
Drainage	9	884,067	148,989	54,580	94,409	63
Street Lighting		338,516	9,680	12,615	(2,935)	(30)
Streetscape Enhancement		19,223	0	7,675	(7,675)	100
Shared Paths/Bicycle Facilities		285,606	0	286	(286)	100
Footpaths		364,800	45,800	49,569	(3,769)	(8)
Parking Facilities		372,100	7,750	22,844	(15,094)	(195)
Library Building Maintenance		562,247	75,000	50,462	24,538	33
Administration Building Maintenance	9	917,516	90,500	166,678	(76,178)	(84)
Other Building Maintenance		873,731	0	17,687	(17,687)	100
Foreshore Protection	9	459,991	160,321	68,294	92,028	57
Sporting Facilities		399,366	9,643	0	9,643	0
Playground Equipment		337,236	25,704	4,584	21,120	82
Parks & Reserves Enhancement		862,320	50,078	27,070	23,008	46
Capital Works Total		32,932,758	4,808,345	3,928,323	880,022	18

City of Joondalup - Investment Balances



Investment Account	Funds Held
	\$
AA - ANZ Cash Plus	8,499,190
A - Macquarie Diversified Treasury	6,565,755
AA - Westpac 11AM	3,000,000
AA - Deutsche Cash Plus	9,965,453
AA - CFS Wholesale Premium Cash Enhanced	3,945,656
A - Perennial Cash Enhanced Fund	8,337,460
A - Perennial Credit Enhanced Cash Fund	3,000,348
A - Macquarie Income Plus	7,554,099
<b>Total Funds held in AA + A Investments</b>	<b>\$0,867,961</b>

<b>Total</b>	<b>\$0,867,961</b>
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Amount included in total funds invested that relate to reserves: \$ 22,101,384

## Other Comments

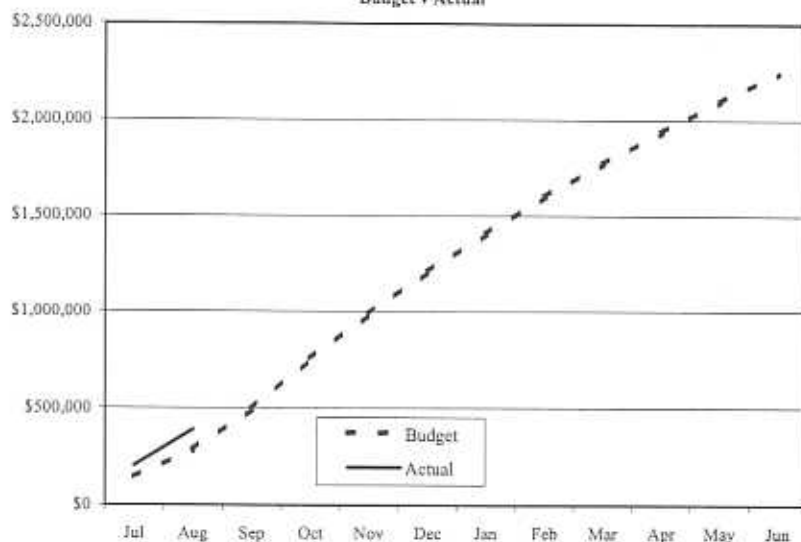
Investments are in accordance with Council Policy. Maximum investment with any one institution :

'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

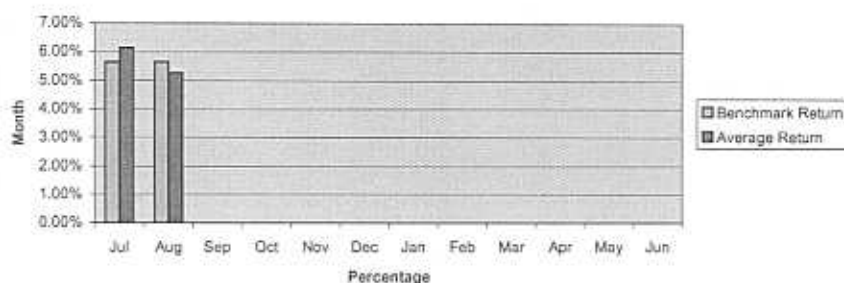
Year to Date Interest:	<b>Budget</b>	<b>Actual</b>
	\$0.285m	\$0.391m

Average return for the portfolio:	5.28%
Benchmark return:	5.65%

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

Earnings during the month were less than bank bill rate due to:  
1) CFS Wholesale Fund returning a lower than anticipated return.  
2) Funds placed in Perpetual Credit Enhancement Fund late in the month affecting the overall portfolio return.

Return on Investments



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

**1 Government Grants & Subsidies**

Early receipt of a grant that had been budgeted for September, **\$518k**, for the Metro Regional Road Program.

**2 Contributions, Reimbursements and Donations**

Early receipt of **\$360k** from Beaumaris Land Sales, budgeted for September, relating to the Ocean Reef Road Development.

**3 Fees and Charges**

The sale of Lot 3 (5) Trappers Drive and associated easements for a total of **\$470k** was budgeted for as a miscellaneous sale in August, but it is now expected to be completed in October. An agreement in principal has been reached for the budgeted amount, but contracts are still being prepared.

Fewer than expected building applications were received in the year to August, **\$57k**. However, there are several major development applications expected in the upcoming months.

It was anticipated that new ranger positions would generate additional parking fines revenue of **\$25k** for the year up to August, however the creation of the new positions has been delayed so no additional revenue was generated.

The Learn to Swim program has not generated the budgeted receipts due to the delay in opening the Craigie Leisure Centre pool, resulting from difficulties in the geo-thermal heating project, **\$27k**.

**4 Interest Earnings**

The City received a YTD portfolio return of **5.88%** compared to a budgeted return of **5.50%**, resulting in an increase in revenue of **\$13k** attributable to the higher rate of interest. The average balance of funds invested was **\$40.5m** compared to the budgeted amount of **\$31.1m**, resulting in additional revenue of **\$95k** attributable to the additional funds earning the higher rate of interest.

**5 Employee Costs**

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

• Salary positions in the 2005/06 approved establishment	\$402k
• Wage positions in the 2005/06 approved establishment	\$99k
• Salary positions to be added to the establishment as a result of new 2005/06 projects	\$78k
• Wage positions to be added to the establishment as a result of new 2005/06 projects	\$26k
• Staff training	\$22k
• Uniforms	\$20k
• Other	\$56k
	\$703k

The material variances in staff training and uniforms are as follows:-

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

## 6 Materials & Contracts

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$170k	\$52k	\$118k
b) Service Charges from Other Councils	\$718k	\$601k	\$117k
c) Materials	\$1,368k	\$1,286k	\$82k
d) Travel, Vehicles and Plant	\$191k	\$123k	\$68k
e) Other Service Expenses	\$451k	\$402k	\$49k
f) Equipment	\$112k	\$67k	\$45k
g) Professional Fees and Costs	\$473k	\$484k	(\$11k)
h) Other	\$775k	\$737k	\$38k
	\$4,258k	\$3,752k	\$506k

The material variances in the above expenditure are as follows: -

- Consultancy was budgeted at **\$155k**, but spent only **\$32k** for the year to date. A revised centralised process has been introduced in relation to the commissioning of consultants. It is expected that the variance will be reduced in the next quarter when this process has been finalised.
- Waste management was budgeted at **\$704k**, but expenditure was only **\$600k**, due to a variation in tonnage collected for the year to date. This is a temporary variance and it is expected that the underspend will be reduced in the next month.
- The materials variance is due to an underspend in building maintenance, **\$57k**. Work has been delayed due to the availability of materials, but it is expected the budget will be fully expended by year end. In addition, purchase of trading stock for the Craigie Leisure Centre has been delayed, **\$15k**, due to delays in opening the facility.



- d) Vehicle usage was budgeted at **\$191k** but year to date spending totalled **\$123k**, due to phasing variances, weather conditions and staff availability (due to leave) during this time of year.
- e) Tipping fees have a year to date budget of **\$414k**, but only **\$368k** was spent in August. The variance is due to charges for recycling services that are expected to be received in October.
- f) Minor plant and equipment had a year to date budget of **\$33k**, but expenditure of **\$6k**. This was due primarily to a timing variance in the purchase of bins for waste management, which has been delayed until October/November. In addition, **\$17k** was not spent on hire of equipment for the Craigie Leisure Centre gym due to a delay in opening the facility.
- g) The panel inquiry has budgeted expenditure for legal fees of **\$157k** for the end of August, but actual expenditure totalled **\$5k**. The full cost of legal expenses for the inquiry will be known after the final report is published. However, this is offset by valuation fees, which were budgeted for **\$271k**, but totalled **\$430k**. Funding for this item was included in the budgeted transfer from reserves **\$195k**, however the expenditure was not fully included in the 2005/06 budget and will need to be adjusted in the half year budget review.

## 7 Purchase of Furniture and Equipment

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

	Budget	Actual	Variance
a) Payroll System	\$50k	\$0k	\$50k
b) Corporate PC and Notebook Replacement Program	\$40k	\$0k	\$40k
c) Network Infrastructure Upgrade	\$30k	\$0k	\$30k
d) Two Way Radio System	\$30k	\$0k	\$30k
e) Other	<u>\$101k</u>	<u>\$54k</u>	<u>\$47k</u>
	\$251k	\$54k	\$197k

The material variances in the above expenditure are as follows:-

- a) The payroll system 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 upgrade is underway, and it is anticipated that spending will begin in November/December.
- d) The purchasing contracts are being finalised, and it is anticipated that spending will begin in November/December.

- e) Expenditure on new capital equipment for a three man mowing crew, **\$53k**, has been deferred until next calendar year.

## 8 Purchase of Vehicles and Plant

A refuse truck, **\$164k**, tractor, **\$75k**, and a truck, **\$59k**, have been purchased in 2005/06. 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.

Several vehicles have been purchased during the month that had been budgeted for in September, **\$321k**.

## 9 Construction of Infrastructure Assets

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

	Budget	Actual	Variance
a) Road Resurfacing	\$705k	\$284k	\$421k
b) Ocean Reef Road	\$747k	\$370k	\$377k
c) Drainage	\$149k	\$55k	\$94k
d) Foreshore Protection	\$160k	\$68k	\$92k
e) Joondalup Drive	\$494k	\$407k	\$87k
f) Administration Building Maintenance	\$91k	\$167k	(\$76k)
g) Craigie Leisure Centre Refurbishment	\$2,095k	\$2,185k	(\$90k)
h) Other	\$367k	\$392k	(\$25k)
	<b>\$4,808k</b>	<b>\$3,928k</b>	<b>\$880k</b>

The material variances in the above expenditure are as follows:-

- a) There were delays in commencing new projects in the road resurfacing program while determination of specific works in the program was being finalised, **\$421k**. Adverse weather also delayed projects already underway.
- b) The progress payment for July for work on Ocean Reef Road was not made as budgeted, as work had not progressed to the point required to initiate the next progress payment, causing a variance of **\$377k**. The project is approximately two weeks behind schedule but is still expected to be finished in October as budgeted.
- c) Payments for drainage work on Winton Road and Collier Pass are behind budgeted phasing but will be made in October, **\$94k**.
- d) Work on foreshore protection has been held up due to adverse weather conditions, **\$81k**.
- e) Outstanding negotiations with Western Power and contractors over the cost of modifying streetlighting have delayed payment on the Joondalup Drive development, **\$87k**.

- e) Outstanding negotiations with Western Power and contractors over the cost of modifying streetlighting have delayed payment on the Joondalup Drive development, **\$87k**.
- f) Work on the security upgrade of the administration building has proceeded one month ahead of schedule.
- g) Work on the Craigie Leisure Refurbishment has proceeded ahead of schedule, resulting in progress payments being made ahead of budget.

#### **10 Proceeds from Disposal**

Vehicles which were part of the previous year's vehicle replacement program were disposed of during July this financial year, **\$97k**.

#### **11 Transfers to Reserves**

A transfer to the rates revaluation reserve, representing an allocation for one third of the triennial revaluation fee, was made in August but budgeted to occur in June 2006.