



*Financial Activity Statement For  
The Period Ended  
30 September 2005*

## Contents

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

## Appendix

A
B
C
D
E



# Financial Activity Statement for the period ended 30 September 2005

	Net	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance %
		\$	\$	\$	\$	%
<b>OPERATING REVENUE</b>						
Rates		48,494,368	48,314,368	48,513,410	199,042	0
Rates - Specified Area		116,592	116,592	116,592	0	0
Government Grants & Subsidies		9,024,744	1,788,481	1,844,729	56,248	3
Contributions, Reimbursements and Donations		8,475,736	1,118,944	1,075,132	(43,812)	(4)
Profit on Asset Disposal		74,598	48,989	51,093	2,104	4
Fees & Charges	1	16,080,136	10,883,110	10,886,014	(197,096)	(2)
Interest Earnings	2	2,248,000	493,323	726,143	232,820	47
Other Revenues		126,000	31,500	36,751	5,251	17
		84,640,172	62,795,307	63,049,868	254,561	0
<b>OPERATING EXPENDITURE</b>						
Employee Costs	3	30,652,013	7,201,408	6,114,893	1,086,515	15
Materials & Contracts	4	26,584,915	6,589,679	5,857,310	732,369	11
Utilities (Gas, Electricity, Water etc)	5	3,164,388	812,242	729,929	82,313	10
Depreciation on Non Current Assets		15,030,810	3,756,723	3,788,452	(31,729)	(1)
Loss on Asset Disposal	6	260,485	104,051	32,333	71,718	69
Insurance Expenses		939,272	234,786	238,445	(3,659)	(2)
Other Expenses		45,000	11,250	0	11,250	100
		76,676,883	18,710,139	16,761,362	1,948,777	10
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>						
		7,963,289	44,085,168	46,288,502	2,203,334	5
<b>CAPITAL EXPENDITURE</b>						
Purchase of Land		0	0	0	0	0
Purchase of Buildings		0	0	20,182	(20,182)	100
Purchase of Networks		20,000	5,000	10,000	(15,000)	(100)
Purchase of Furniture & Equipment	7	1,814,878	544,250	190,997	153,253	45
Purchase of Vehicles & Plant	8	3,217,000	2,002,000	619,242	1,382,758	69
Acquired Infrastructure Assets		3,750,000	0	0	0	0
Construction of Infrastructure Assets	9	32,932,758	7,519,688	5,644,871	1,874,815	25
<b>SUB TOTAL CAPITAL EXPENDITURE</b>						
		42,034,636	9,870,936	6,485,292	3,385,644	34
<b>SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE</b>						
		(14,071,347)	34,214,232	39,803,210	5,588,978	16
<b>Adjustments for Non-Cash Movements</b>						
Depreciation on Assets		15,030,810	3,756,723	3,788,452	(31,729)	1
Loss on Disposal	6	260,485	104,051	32,333	(71,718)	(69)
Profit on Disposal		(74,596)	(48,989)	(51,093)	(2,104)	4
						0
<b>Adjustments for Other Cash Movements</b>						
Proceeds from Disposal	10	1,265,000	(763,800)	(357,943)	614,857	(80)
Loan funds		900,000	0	0	0	0
Loan repayments (principal)		(224,493)	0	0	0	0
						0
Funded From						0
Transfers from Reserves	11	20,764,314	(1,367,200)	2,501,366	1,134,166	83
Transfers to Reserves		(12,075,873)	(259,377)	(235,627)	23,744	(9)
Opening Funds		8,229,698	8,229,698	8,220,279	(9,419)	(0)
Closing Funds		(2)	46,594,744	53,904,977	7,310,233	16

# Capital Expenditure Summary

Appendix B

CITY OF JOONDALUP

September-05

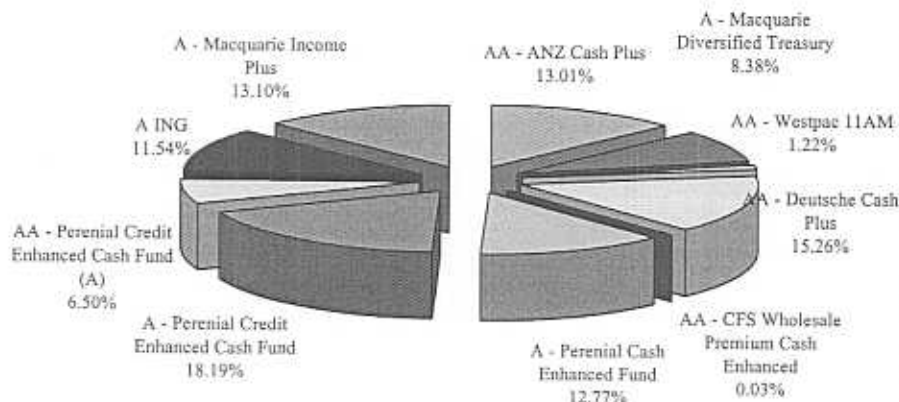
	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Expenditure						
Computer & Computer Equipment	7	1,508,793	329,750	182,864	146,886	45
Furniture & Office Equipment		134,985	14,500	8,133	6,367	44
Heavy Vehicles	8	980,000	435,000	163,840	271,160	62
Light Vehicles	8	1,795,000	1,152,000	380,157	771,843	67
Mobile Plant	8	742,000	335,000	75,245	259,755	78
Plant & Equipment	7	171,100	80,000	0	80,000	100
Artifacts & Artworks		20,000	5,000	10,000	(5,000)	(100)
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	2,351,250	840,421	1,510,829	64



# Capital Works Summary

CITY OF JOONDALUP  
September-05

	Note	Adopted Budget	YTD Budget	YTD Spend Actual	Variance	Variance %
		\$	\$	\$	\$	%
<b>Capital Works</b>						
Joondalup Council Depot		6,954,426	12,426	0	12,426	0
Craigie Leisure Centre Refurbishment	9	3,947,141	3,095,000	2,795,945	299,055	10
Joondalup Cultural Facility		1,187,444	0	0	0	0
Sorrento Beach Project		1,800,000	0	9,171	(9,171)	100
Ocean Reef Boat Harbour		1,030,645	20,000	0	20,000	0
Currambine Community Centre		160,000	0	0	0	0
Road Resurfacing	9	4,496,679	1,137,105	672,868	464,237	41
Joondalup Drive Development	9	1,102,384	769,377	484,143	285,234	37
Burns Beach Road Development		1,500,000	0	1,660	(1,660)	100
Ocean Reef Road Development	9	1,660,664	1,162,300	735,723	426,577	37
Other Roadworks		56,199	6,199	7,456	(1,257)	(20)
Traffic Management		2,360,457	286,957	267,305	19,652	7
Drainage	9	884,067	148,989	73,835	75,154	50
Street Lighting		338,516	19,360	15,595	3,765	19
Streetscape Enhancement		19,223	1,000	13,891	(12,891)	(1,289)
Shared Paths/Bicycle Facilities		285,606	9,956	286	9,670	97
Footpaths		364,800	77,800	56,604	21,196	27
Parking Facilities		372,100	15,500	22,931	(7,431)	(48)
Library Building Maintenance		562,247	125,000	147,495	(22,495)	(18)
Administration Building Maintenance		917,516	190,566	168,398	22,168	12
Other Building Maintenance		873,731	14,209	27,324	(13,115)	(92)
Foreshore Protection	9	459,991	199,991	86,098	113,893	57
Sporting Facilities		399,366	23,643	1,730	21,913	93
Playground Equipment		337,236	60,216	11,584	48,632	81
Parks & Reserves Enhancement	9	862,320	144,092	44,832	99,260	69
<b>Capital Works Total</b>		<b>32,932,758</b>	<b>7,519,686</b>	<b>5,644,871</b>	<b>1,874,815</b>	<b>25</b>

**City of Joondalup - Investment Balances**


Investment Account	Funds Held
	\$
AA - ANZ Cash Plus	8,540,928
A - Macquarie Diversified Treasury	5,502,166
AA - Westpac 11AM	800,000
AA - Deutsche Cash Plus	10,018,133
AA - CFS Wholesale Premium Cash Enhanced	22,306
A - Perennial Cash Enhanced Fund	8,379,568
A - Perennial Credit Enhanced Cash Fund	11,941,993
AA - Perennial Credit Enhanced Cash Fund (A)	4,265,081
A ING	7,573,910
A - Macquarie Income Plus	8,598,237
<b>Total Funds held in AA + A Investments</b>	<b>65,642,322</b>

<b>Total</b>	<b>65,642,322</b>
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Amount included in total funds invested that relate to reserves:

\$	19,795,018
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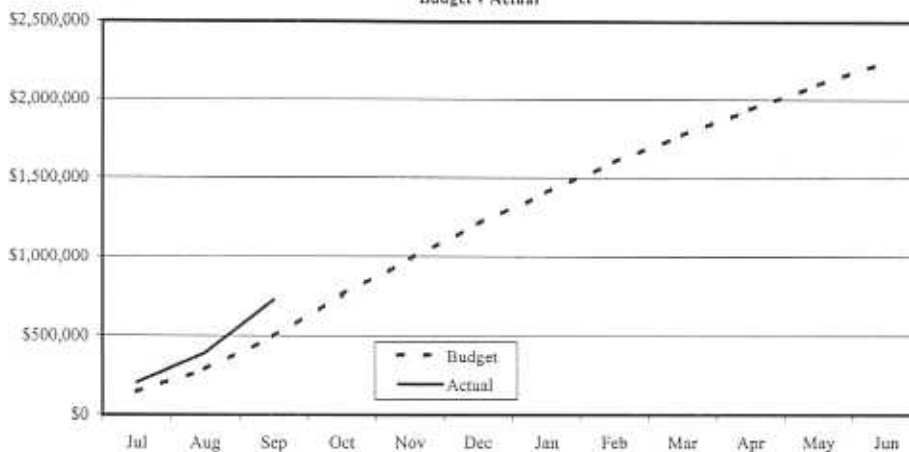
**Other Comments**

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

'A' not to exceed 40%

'AA' not to exceed 50%

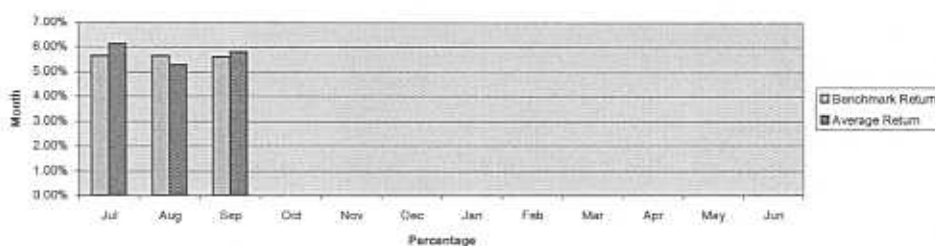
No breach of Council Policy 2.4.2 has occurred during the month.

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

**Return on Investments**

Year to Date Interest:	Budget	Actual
	\$0.493m	\$0.724m

Average return for the portfolio:	5.80%
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 30 SEPTEMBER 2005**

**1 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. This is offset by rates instalment charges and interest on outstanding rates, **\$626k**, being received earlier than budgeted.

**2 Interest Earnings**

The City received a YTD portfolio return of **5.84%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$14k** attributable to the higher rate of interest. The average balance of funds invested was **\$50.2m** compared to the budgeted amount of **\$35.8m**, resulting in additional revenue of **\$219k** attributable to additional monies earning the higher rate of interest.

**3 Employee Costs**

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

• Salary positions in the 2005/06 approved establishment	\$583k
• Wage positions in the 2005/06 approved establishment	\$142k
• Salary positions to be added to the establishment as a result of new 2005/06 projects	\$117k
• Wage positions to be added to the establishment as a result of new 2005/06 projects	\$40k
• Staff Training	\$48k
• Uniforms	\$26k
• Other	<u>\$130k</u>
	<b>\$1,086k</b>

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

The underspend in staff training is due to 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.

**4 Materials & Contracts**

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$279k	\$80k	\$199k
b) Equipment	\$252k	\$100k	\$152k

c) Administration	\$390k	\$316k	\$74k
d) Materials	\$2,073k	\$1,999k	\$74k
e) Finance Related Costs	\$142k	\$95k	\$47k
f) Professional Fees and Costs	\$597k	\$553k	\$44k
g) Other	<u>\$2,856k</u>	<u>\$2,714k</u>	<u>\$142k</u>
	\$6,589k	\$5,857k	\$732k

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

- a) Consultancy was budgeted at **\$279k**, but spent only **\$80k** 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.
- b) **\$105k** was budgeted for minor furniture for the year to date, but only **\$21k** 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 October/November. Minor plant and equipment had a year to date budget of **\$51k**, but only **\$8k** was spent. 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, **\$36k** had been budgeted on hire of equipment for the Craigie Leisure Centre gym which was not spent due to a delay in opening the facility.
- c) The year to date budget for printing was **\$101k**, however only **\$65k** 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 October. In addition, advertising had a year to date budget of **\$78k**, but only spent **\$19k**. The variance is due primarily to a budget for the re-opening of the Craigie Leisure Centre which will be spent when the facility re-opens.
- d) The materials variance is due to reduced expenditure in building maintenance, **\$64k**. 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, **\$18k**, due to delays in opening the facility.
- e) Bank fees have a year to date budget of **\$64k**, but actual expenditure of **\$25k**. This is due to merchant fees relating to rates receipts being received in October.
- f) The panel inquiry has budgeted expenditure for legal fees of **\$243k** for the end of August, but actual expenditure totalled **\$57k**. 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**. However the expenditure was not fully included in the 2005/06 budget and will need to be adjusted in the half year review.



## 5 Utilities

Electricity has a year to date budget of **\$734k**, but actual expenditure was only **\$642k**. The reduced expenditure was due to new subdivisions that haven't been brought on-line as at the end of September.

## 6 Loss on Asset Disposal

The sale of heavy and light vehicles and mobile plant has been delayed due to the creation of a new internal administration procedure for the purchase of vehicles under the State Government contract. It is expected that vehicles being replaced will begin being sold in November.

## 7 Purchase of Furniture and Equipment

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

	Budget	Actual	Variance
a) Payroll System	\$100k	\$0k	\$100k
b) Corporate PC and Notebook Replacement Program	\$60k	\$0k	\$60k
c) Network Infrastructure Upgrade	\$50k	\$0k	\$50k
d) Two Way Radio System	\$45k	\$0k	\$45k
e) Other	\$89k	\$191k	(\$102)
	\$344k	\$191k	\$153k

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, **\$80k**, has been deferred until next calendar year.

## 8 Purchase of Vehicles and Plant

The purchase of new heavy and light vehicles and mobile plant has been delayed due to the creation of a new internal administration procedure for the purchase of vehicles

under the State Government contract. It is expected that vehicles being replaced will begin being purchased 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) Road Resurfacing	\$1,137k	\$673k	\$464k
b) Ocean Reef Road	\$1,162k	\$736k	\$426k
c) Craigie Leisure Centre Refurbishment	\$3,095k	\$2,796k	\$299k
d) Joondalup Drive	\$769k	\$484k	\$285k
e) Foreshore Protection	\$200k	\$86k	\$114k
f) Parks & Reserves	\$144k	\$45k	\$99k
g) Drainage	\$149k	\$74k	\$75k
h) Other	<u>\$864k</u>	<u>\$751k</u>	<u>\$113k</u>
	<b>\$7,520k</b>	<b>\$5,645k</b>	<b>\$1,875k</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 were being finalised, **\$464k**. Adverse weather also delayed projects already underway.
- b) The progress payment for July for work on Ocean Reef Road was not made as phased in the budget as work had not progressed to the point required to initiate the next progress payment, causing a variance of **\$426k**. The project is approximately two weeks behind schedule but is still expected to be finished in October as budgeted.
- c) Finalisation of the refurbishment of the Craigie Leisure Centre has been delayed as a result of difficulties associated with the geothermal bore, **\$299k**.
- d) Outstanding negotiations with Western Power and contractors over the cost of modifying streetlighting have delayed payment on the Joondalup Drive development, **\$285k**.
- e) Work on foreshore protection has been held up due to adverse weather conditions, **\$114k**.
- f) There were delays in starting new projects in the parks and reserves program while the new capital works program was being completed, **\$99k**.

- g) Payments for drainage work on Winton Road and Collier Pass are behind budgeted phasing but will be made in October, **\$75k**.

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

The trade-in of heavy and light vehicles and mobile plant has been delayed due to the creation of a new internal administration procedure 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.