

APPENDIX

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City of
Joondalup

*Financial Activity Statement for
the Period Ended
28 February 2006*

Contents

Appendix

Financial Activity Statement	A
Capital Expenditure Summary	B
Capital Works Summary	C
Investment Summary	D
Notes to and Forming Part of the Financial Activity Statement	E

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 28 February 2006

	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		48,409,679	48,329,679	48,625,086	295,407	1
Rates - Specified Area		116,592	116,592	119,061	2,469	2
Government Grants & Subsidies	1	9,013,648	6,020,669	5,005,267	(1,015,402)	(17)
Contributions, Reimbursements and Donations		9,124,102	5,103,706	5,100,478	(3,228)	(0)
Profit on Asset Disposal		369,596	72,337	69,078	(3,259)	(5)
Fees & Charges		15,497,446	13,377,303	13,275,660	(101,643)	(1)
Interest Earnings	2	2,596,644	1,973,901	2,369,838	395,937	20
Other Revenue		151,321	106,657	110,957	4,300	4
		85,279,028	75,100,844	74,675,425	(425,419)	(1)
OPERATING EXPENDITURE						
Employee Costs	3	30,046,364	19,782,126	17,952,990	1,829,136	9
Materials & Contracts	4	26,599,077	17,845,828	15,944,131	1,901,697	11
Utilities (Gas, Electricity, Water etc)	5	3,189,388	2,110,550	1,933,454	177,096	8
Depreciation on Non Current Assets		15,030,810	10,020,528	10,083,691	(63,163)	(1)
Loss on Asset Disposal	6	260,485	137,802	78,696	59,106	43
Interest Expense		194,683	127,836	109,372	18,464	14
Insurance Expenses		966,963	646,220	622,664	23,556	4
Other Expenses		54,000	39,000	53,978	(14,978)	(38)
		76,341,770	50,709,890	46,778,976	3,930,914	8
SURPLUS/(DEFICIT) FROM OPERATIONS		8,937,258	24,390,954	27,896,449	3,505,495	14
CAPITAL EXPENDITURE						
Purchase of Land		0	0	0	0	0
Purchase of Buildings		0	0	0	0	0
Purchase of Artworks		20,000	10,000	57,000	(47,000)	(470)
Purchase of Furniture & Equipment	7	1,798,808	1,123,102	166,222	956,880	85
Purchase of Vehicles & Plant	8	3,547,000	2,548,000	1,167,198	1,380,802	54
Acquired Infrastructure Assets		3,750,000	0	0	0	0
Construction of Infrastructure Assets	9	32,640,750	19,253,479	10,917,213	8,336,266	43
SUB TOTAL CAPITAL EXPENDITURE		41,756,558	22,934,581	12,307,633	10,626,948	46
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE		(32,819,300)	1,456,373	15,588,816	14,132,443	970
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,030,810	10,020,528	10,083,691	63,163	1
Loss on Disposal	6	260,485	137,802	78,696	(59,106)	(43)
Profit on Disposal		(369,596)	(72,337)	(69,078)	3,259	(5)
					0	0
Adjustments for Other Cash Movements						
Proceeds from Disposal	10	1,560,000	884,300	563,945	(320,355)	(36)
Loan funds		900,000	0	0	0	0
Loan repayments (principal)		(228,493)	170,133	170,133	0	0
					0	0
Funded From						
Transfers from Reserves	11	20,777,394	1,760,780	3,043,500	1,282,720	73
Transfers to Reserves	12	(12,723,873)	(691,656)	(4,203,601)	(3,511,945)	508
Opening Funds		8,229,698	8,229,698	8,220,279	(9,419)	(0)
Closing Funds		617,125	21,895,621	33,476,381	11,580,760	53

Capital Expenditure Summary

Appendix B

CITY OF JOONDALUP

February-06

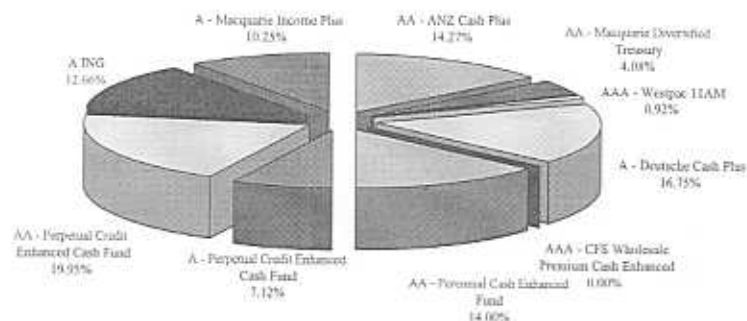
	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Expenditure						
Computer & Computer Equipment	7	1,361,793	948,127	107,649	840,478	89
Furniture & Office Equipment		234,985	64,045	48,093	15,952	25
Heavy Vehicles	8	980,000	735,000	163,840	571,160	78
Light Vehicles	8	1,825,000	1,338,000	847,163	490,837	37
Mobile Plant	8	742,000	475,000	156,195	318,805	67
Plant & Equipment	7	202,030	110,930	10,480	100,450	91
Artifacts & Artworks		20,000	10,000	57,000	(47,000)	(470)
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		9,115,808	3,681,102	1,390,420	2,290,682	62



Capital Works Summary

CITY OF JOONDALUP
February-06

	Note	Revised Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Works						
Council Projects	9	15,118,512	6,852,711	3,734,979	3,117,732	45
Road Resurfacing	9	4,507,734	3,152,590	1,886,234	1,266,356	40
Major Road Construction Program	9	4,319,247	3,569,247	2,680,626	888,621	25
Traffic Management	9	2,360,457	1,345,874	757,652	588,222	44
Drainage	9	845,211	633,509	111,178	522,331	82
Street Lighting	9	338,516	145,290	31,492	113,798	78
Paths Program	9	650,406	468,156	267,771	200,385	43
Parking Facilities		372,100	68,700	70,660	(1,960)	(3)
Major Building Works	9	2,184,234	1,881,559	777,969	1,103,590	59
Foreshore Protection	9	326,188	280,146	227,668	52,478	19
Sporting Facilities	9	399,366	188,788	42,964	145,824	77
Playground Equipment	9	337,236	258,656	89,006	169,650	66
Parks & Reserves Enhancement	9	881,543	408,253	239,016	169,237	41
Capital Works Total		32,640,750	19,253,479	10,917,213	8,336,266	43

City of Joondalup - Investment Balances


Investment Account	Funds Held
AA - ANZ Cash Plus	\$ 8,746,477
AA - Macquarie Diversified Treasury	2,501,387
AAA - Westpac 11AM	566,015
A - Deutsche Cash Plus	10,269,090
AAA - CFS Wholesale Premium Cash Enhanced	-
AA - Perennial Cash Enhanced Fund	8,583,488
A - Perennial Credit Enhanced Cash Fund	4,367,415
AA - Perennial Credit Enhanced Cash Fund	12,232,301
A ING	7,760,692
A - Macquarie Income Plus	6,284,135
Total Funds held in AA + A Investments	61,310,999

Total 61,310,999

Amount included in total funds invested that relate to reserves:

\$ 21,220,858

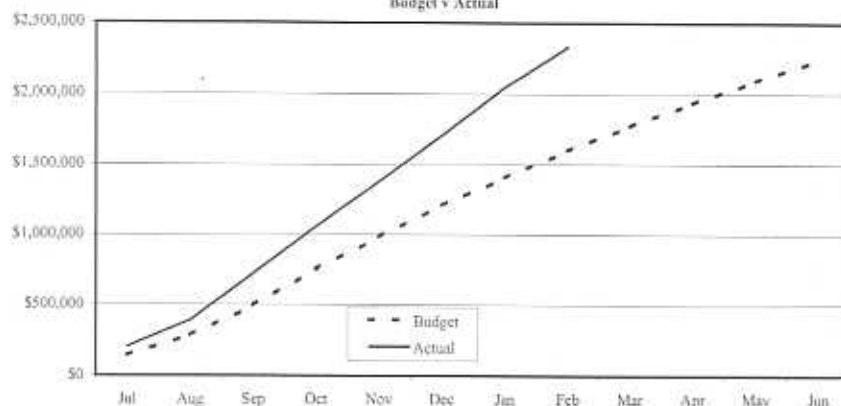
Other Comments

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

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

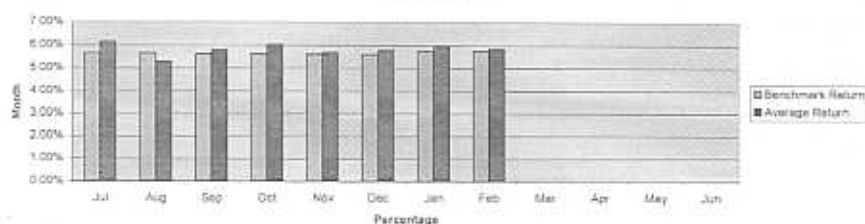
'A' not to exceed 40%

'AA' not to exceed 50%

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

Return on Investments

Year to Date Interest:	Budget	Actual
	\$1.974m	\$2.370m
Average return for the portfolio:		5.86%
Benchmark return:		5.76%

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 28 FEBRUARY 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) COJ Mobile Youth Service	\$40k	\$0k	(\$40k)
b) Roads to Recovery Program	\$519k	\$0k	(\$519k)
c) Metro Regional Road Program	\$201k	\$150k	(\$51k)
d) Main Roads	\$266k	\$533k	\$267k
e) FESA	\$0k	\$52k	\$52k
f) Thermal Bore	\$450k	\$0k	(\$450k)
g) Ocean Reef Marina	\$180k	\$0k	(\$180k)
h) Iluka Floodlights	\$67k	\$0k	(\$67k)
i) Other	\$4,298k	\$4,270k	(\$28k)
	\$6,021k	\$5,005k	(\$1,016k)

- a) The City took possession of a donated bus during the month and work is now underway to recruit appropriate staff to deliver the program. The grant funding is to be provided by the Office of Crime Prevention upon completion of the recruitment process, **\$40k**.
- b) The Roads to Recovery projects are currently in progress. These projects will need to be completed before the remaining grant funds can be claimed, **\$519k**.
- c) The Metro Regional Road projects are currently in progress. The remaining grant funds of **\$51k** will be received upon project completion.
- d) An invoice was incorrectly raised to Main Roads WA that has since been cancelled, **\$267k**.
- e) An unbudgeted FESA grant has been received for the operation of Joondalup SES, **\$52k**. This is partially offset by unbudgeted contributions paid to the SES unit \$46k.
- f) The grant for the geothermal bore cannot be claimed until after completion of this project, **\$450k**.
- g) This grant is to be paid progressively in line with expenditure by the City. The project is yet to commence, **\$180k**.
- h) Iluka Sports floodlighting has been delayed as negotiation with the sports club regarding project scope is yet to be finalised, **\$67k**. Funding for the project is from CSRFF.

2 Interest Earnings

The City received a year to date portfolio return of **5.86%**, compared to budgeted return of **5.72%**, resulting in increased revenue of **\$56k** attributable to the higher rate of interest. The average balance of funds invested was **\$60.8m** compared to the budgeted amount of **\$51.8m**, resulting in additional revenue of **\$340k**.

3 Employee Costs

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

- | | |
|------------------------------------|----------|
| a) 2005/06 Establishment vacancies | \$1,590k |
| b) 2005/06 New project positions | \$447k |
| c) Staff Training | \$112k |
| d) Advertising - staff vacancies | (\$48k) |
| e) Contract/Agency Labour | (\$180k) |
| f) Other | (\$92k) |
| | \$1,829k |
-
- a) Cumulative effect of vacancies within the approved establishment. These vacancies are a combination of longer term unfilled positions, shorter term vacancies and additional participants in the salary sacrifice scheme (refer item f below).
 - b) Delays have occurred in the Spatial Data Management and Ranger services projects. Recruitment of the 3 man mowing crew has been deferred awaiting the delivery of the associated plant equipment.
 - c) The underspend in staff training is due to restriction on expenditure while a review of staff training plans was undertaken and is expected to be on budget by the end of the current financial year.
 - d) The advertising variance is primarily due to an increased number of vacancies advertised this financial year.
 - e) The contract/agency labour variance is primarily due to contractors being appointed within Rangers, Planning, Approvals and other areas to fill vacancies.
 - f) Other variances are due to employees taking up an option to salary sacrifice that has not being budgeted for.

4 Materials & Contracts

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$1,413k	\$270k	\$1,143k
b) Minor Furniture and Equipment	\$609k	\$759k	(\$150k)
c) Professional Fees and Costs	\$1,029k	\$716k	\$313k
d) Administration	\$949k	\$786k	\$163k
e) Public Relations & Corporate	\$284k	\$173k	\$111k
f) Member Costs	\$216k	\$156k	\$60k
g) Service Charges from Other Councils	\$2,871k	\$2,620k	\$251k
h) Contributions and Donations	\$624k	\$544k	\$80k
i) Materials	\$5,472k	\$5,770k	(\$298k)
j) Telephones	\$298k	\$174k	\$124k
k) Travel, Vehicle & Plant Costs	\$799k	\$739k	\$60k
l) Other	\$3,282k	\$3,237k	\$45k
	<u>\$17,846k</u>	<u>\$15,944k</u>	<u>\$1,902k</u>

a) Consultancy and Contractors budgeted at **\$1,413k**, but only **\$270k** spent year to date. A revised centralised process has been introduced in relation to the commissioning of consultants and the variance attributable to this, **\$551k** may proportionately be reduced during the remaining period of the year. The consultancy costs for a number of projects including: Yellagonga Environment Centre, Employee of Choice and Asset Management Strategy have been delayed but it is anticipated they will be expended by the end of the financial year, **\$592k**.

b) Minor Furniture and equipment budgeted at **\$609k** but **\$759k** has been spent year to date, due primarily to computer equipment originally budgeted as capital expenditure being purchased as operating with items individually costing less than \$2k, **\$241k**.

Equipment for elected members will be purchased to coincide with Council elections being held in May, **\$63k**.

c) Legal fees associated with the panel inquiry were budgeted at **\$399k**, but actual year to date expenditure totaled **\$117k**. The full cost of legal expenses for the inquiry will be known in due course.

d) The year to date budget for printing was **\$249k**, however only **\$124k** was spent as promotional materials will not be required until the re-opening of the Craigie Leisure Centre, and Strategic & Sustainable Development and Library purchases have been delayed until the last quarter of the financial year.

The advertising year to date budget was **\$171k**, with only **\$125k** spent. The variance is due primarily to a delay in re-opening of the Craigie Leisure Centre.

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- e) The year to date budget for promotions was **\$201k**, however only **\$110k** was spent. This is due primarily to the phasing of Joondalup Festival and Summer Events expenditure and the CBD Enhancement, Feasibility Study for Yellagonga Environmental Centre, and Support for Small Business projects being delayed until the last quarter of the financial year.
 - f) The Member Costs year to date budget was **\$216k** however only **\$156k** was spent. This is primarily due to expenditure on conferences, reimbursements and other miscellaneous expenses being deferred.
 - g) The favourable variance in Service Charges is due to below average waste tonnage collected caused by seasonal variances. The City is awaiting adjustment invoices for bulk refuses and recycling charges.
 - h) The City's contribution for the Special Area Rated landscaping and maintenance works was increased in the half year review. It is expected that the City's contribution for these works will be fully expended by the end of the financial year, **\$67k**.
 - i) The Materials variance relates to an increase in the market costs of building materials, **\$456k**. This is partially offset by a deferral of materials purchases due to a delay in awarding the City Centre toilet block works contract, **\$135k**.
 - j) The Telephone variance relates primarily to operating charges for Push to Talk mobile phones, **\$101k**. Originally budgeted as capital expenditure, funds were transferred in the half year review to operating expenditure. Charges will be received from Telstra on a monthly basis from March.
 - k) The variance relates to lower than phased fleet maintenance costs due to seasonal factors. It is anticipated these costs will be fully expended by the end of the financial year, **\$60k**.

5 Utilities

Electricity year to date budget **\$1,988k**, but actual expenditure was **\$1,817k**, due to less irrigation power consumption than anticipated as a consequence of wet weather and below average temperatures.

6 Loss on Asset Disposal

The trade-in of heavy and light vehicles and mobile plant has been delayed due to a review of the procedures for the trade-in of vehicles under the State Government common use contract. It is expected that the vehicle replacement program will be caught up by the end of the financial year.

7 Purchase of Furniture and Equipment

The underspend is due primarily to information technology and other projects as follows:-

	Budget	Actual	Variance
a) Payroll System	\$250k	\$0k	\$250k
b) Computer Room Upgrade	\$200k	\$16k	\$184k
c) Corporate PC and Notebook Replacement Program	\$120k	\$36k	\$84k
d) Equipment for Three Man Mowing Crew	\$80k	\$0k	\$80k
e) Document Management System	\$100k	\$0k	\$100k
f) Network Infrastructure	\$140k	\$0k	\$140k
g) Oracle System Expansion	\$50k	\$11k	\$39k
h) Other	\$183k	\$103k	\$80k
	<u>\$1,123k</u>	<u>\$166k</u>	<u>\$957k</u>

- a) The budget comprises an approved tender for the new HR/Payroll system, **\$205k** and associated equipment, **\$45k**. Implementation commenced in February 2006, with payments to occur between March and June 2006.
- b) Draft requirements for computer room upgrade have been prepared. A specialist consultant will now need to be engaged to prepare a design before tenders are issued. Payments are estimated to be made in June 2006, **\$184k**.
- c) All orders have been placed for PCs, notebooks and printers with the exception of **\$84k** of equipment for elected members.
- d) Expenditure on new capital equipment for a three man mowing crew, **\$80k**, has been deferred until April/May.
- e) This is a timing variance related to the new Document Management System which is expected to go to tender later in the financial year, **\$100k**.
- f) This is a timing variance with payments anticipated to be made between March and June 2006 for various items of network equipment, **\$140k**.
- g) Hardware has been ordered in February but will not be received until March, setup costs will be billed in March/April, **\$39k**.
- h) Other variances relate primarily to Library Photocopiers and Major IT upgrade, and Hydraulic Disabled Hoist.

8 Purchase of Vehicles and Plant

The variances associated with the vehicles and plant capital budgets are mainly as a result of deferred purchases pending the outcome of a review of procedures for the purchase of vehicles under the State Government common use contracts.

These were offset by the purchase of heavy vehicles, **\$164k**, light vehicles, **\$78k**, and mobile plant, **\$75k** budgeted for in 2004/05 as they were 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) Council Projects	\$6,853k	\$3,735k	\$3,118k
b) Road Resurfacing	\$3,152k	\$1,886k	\$1,266k
c) Major Road Construction Program	\$3,569k	\$2,681k	\$889k
d) Traffic Management	\$1,346k	\$758k	\$588k
e) Drainage	\$633k	\$111k	\$522k
f) Street Lighting	\$145k	\$31k	\$114k
g) Paths Program	\$468k	\$268k	\$200k
h) Major Building Works	\$1,882k	\$778k	\$1,104k
i) Foreshore Protection	\$280k	\$227k	\$53k
j) Sporting Facilities	\$189k	\$43k	\$146k
k) Playground Equipment	\$259k	\$89k	\$170k
l) Parks & Reserves Enhancement	\$408k	\$239k	\$169k
m) Parking Facilities	\$69k	\$71k	(\$2k)
	\$19,253k	\$10,917k	\$8,336k

a) **Council Projects:-**

- Joondalup Cultural Facility: The settlement on the land purchase has been delayed awaiting creation of the land title. Council resolved to pay half the costs of construction for the road alongside the Joondalup Cultural Facility development site and the City is currently awaiting invoices. Landscaping works have not yet commenced due to the delayed land purchase, **\$1,162k**.
- Sorrento Beach Project: Work has commenced and is anticipated to be completed in April, **\$1,094k**.
- Craigie Leisure Centre Refurbishment: Finalisation of the refurbishment has been delayed as a result of difficulties associated with the geothermal bore, **\$402k**.
- Ocean Reef Marina: The tender assessments for the appointment of consultants for this project are currently being finalised with payments scheduled to commence in April/May, **\$379k**.

- Joondalup Works Depot: This project has now changed from purchasing land and constructing a new depot to leasing land and constructing a depot. Accordingly expenditure for this financial year is expected to be minimal, **\$90k**.
- b) **Road Resurfacing:-**
- There were delays in commencing the road resurfacing program due to a number of contributing factors including inclement weather and an industry-wide demand for contractors. However the contractor has given a commitment to have the program completed by the end of the financial year, **\$1,266k**.
- c) **Major Road Construction Program:-**
- Ocean Reef Road: The development was completed on 31st October and was overspent due to variations for lighting, **\$114k**, which will be funded from savings in other projects within the Major Road Construction Program.
 - Joondalup Drive: The City is awaiting the final invoice from Western Power, **\$207k**.
 - Burns Beach Road: This development is still in the preliminary design stage, **\$742k**.
 - Other Roadworks: The funds for Major Construction Design of Various Roads will be expended on completion of the Burns Beach Road Development, **\$53k**.
- d) **Traffic Management:-**
- Installation of traffic signals as part of the Black Spot program have been deferred due to delays gaining approval from Main Roads WA, **\$279k**. This however will be resolved and projects will be completed within the financial year.
 - The installation of traffic signals at Grand Boulevard and Kendrew Crescent have been completed and the City is awaiting invoices for these works, **\$113k**.
- e) **Drainage:-**
- Joondalup Gate Development: the City is currently negotiating the final contribution towards a main drainage system, **\$100k**.
 - Winton Road has been completed, however additional expenditure will be incurred on modifications to accommodate future freeway extensions, **\$60k**.
 - Collier Pass has been completed and further expenditure will be incurred on security fencing, **\$17k**.
 - Yellagonga Regional Park work has been delayed. The tender has now been advertised and works are expected to be completed by the end of the financial year, **\$173k**.
- f) **Street Lighting:-**
- A number of projects are underspent, **\$114k**, including:
- Minor improvements to arterial and local roads street lighting are carried out on an "as needs" basis throughout the year. To date, minimal works have been required in this area.

- Environmental design lighting to a number of locations is currently in the design stage.

g) Paths Program:-

- Shared Paths/Bicycle Facilities: The footpath contractors experienced initial delays due to wet weather conditions but it is expected that these projects will be fully expended by year end, **\$192k**.

h) Major Building Works:-

A number of projects are underspent, **\$1,104k**, including:

- The City Centre toilet block is in the design and documentation stage after delays in obtaining Western Australian Planning Commission approval.
- Work for Neil Hawkins Park toilets is currently out for public tender and will be completed by end of the financial year.
- Iluka Foreshore Toilets have been completed, awaiting final invoices.
- The lift replacement for the Administration Building has been deferred to 2006/07 due to difficulty in obtaining lift services equipment.
- The replacement of air conditioning chillers for the Administration Building is still in the planning stage.
- An assessment of the existing electrical cabling within the Administration Building is being carried out.
- The Woodvale Library air conditioner project has been advertised for public tender and will be successfully completed by the end of the financial year.
- The Woodvale Library desk upgrade project is currently in the pre-construction phase.

i) Foreshore Protection:-

- This variance is primarily due to delays in the formalisation of a natural areas management team, **\$53k**. This team is to be appointed later in the financial year.

j) Sporting Facilities:-

- Iluka Sports floodlighting has been delayed as negotiations with the sports club, regarding the scope of work, are still to be finalised, **\$111k**.
- Other minor projects have experienced delays and will be expended by the end of the financial year.

k) Playground Equipment:-

- Installation of new playground equipment commenced in November 2005. It is anticipated that the program will be completed by the end of the financial year, **\$170k**.

l) Parks & Reserves:-

- The City has been experiencing problems regarding the availability of contractors to install bores and to carry out directional drilling for reticulation purposes. This issue has now been resolved and this programme will be successfully delivered by the end of the financial year, **\$169k**.

10 Proceeds from Disposal

The trade-in of heavy and light vehicles and mobile plant has been delayed due to a review of procedures for the trade-in of vehicles under the State Government common contract. It is expected that the vehicle replacement schedule will be caught up by the end of the financial year, **\$417k**.

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

The variance for Transfers from reserves is a timing variance. Transfers for the Craigie Leisure Centre, **\$2.2m**, were budgeted to occur in June 2006

This is partially offset by budgeted transfers for heavy, light vehicles and mobile plant, **\$1.1m**, not occurring due to delays in purchases.

12 Transfers to Reserves

Transfers to the Joondalup City Centre Public Parking Reserve comprised unbudgeted cash in lieu of public parking receipts, **\$97k**.

Transfers to the Asset Replacement Reserve total **\$3.448m**: comprising a contribution from Landcorp under the Normalisation Agreement **\$2.8m**, budgeted to be received in June 2006; and **\$648k** interest arising from delays in settling the Normalisation Agreement.