



City of
Joondalup

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

	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		48,494,368	48,354,368	48,604,267	249,899	1
Rates - Specified Area		116,592	116,592	116,797	205	0
Government Grants & Subsidies		9,024,744	3,333,281	3,351,092	17,811	1
Contributions, Reimbursements and Donations		8,475,736	1,428,480	1,430,936	2,456	0
Profit on Asset Disposal		74,596	48,989	64,544	15,555	32
Fees & Charges	1	16,080,136	12,745,422	11,907,786	(837,636)	(7)
Interest Earnings	2	2,248,000	986,644	1,382,809	396,165	40
Other Revenue		126,000	52,500	77,664	25,164	48
		84,640,172	67,066,276	66,935,895	(130,381)	(0)
OPERATING EXPENDITURE						
Employee Costs	3	30,652,013	11,945,790	10,327,914	1,617,876	14
Materials & Contracts	4	26,584,915	10,544,865	9,800,225	744,640	7
Utilities (Gas, Electricity, Water etc)	5	3,164,388	1,327,832	1,174,755	153,077	12
Depreciation on Non Current Assets		15,030,810	6,261,205	6,309,873	(48,668)	(1)
Loss on Asset Disposal		260,485	104,051	61,655	42,396	41
Insurance Expenses		939,272	389,644	389,208	436	0
Other Expenses		45,000	18,750	52,714	(33,964)	(181)
		76,676,883	30,592,137	28,116,344	2,475,793	8
SURPLUS/(DEFICIT) FROM OPERATIONS		7,963,289	36,474,139	38,819,551	2,345,412	6
CAPITAL EXPENDITURE						
Purchase of Land		0	0	0	0	0
Purchase of Buildings		0	0	0	0	0
Purchase of Artworks		20,000	5,000	20,000	(15,000)	(300)
Purchase of Furniture & Equipment	6	1,814,878	771,500	65,381	706,119	92
Purchase of Vehicles & Plant	7	3,517,000	1,922,000	1,121,052	800,948	42
Acquired Infrastructure Assets		3,750,000	0	0	0	0
Construction of Infrastructure Assets	8	32,932,758	13,309,256	8,800,045	4,509,211	34
SUB TOTAL CAPITAL EXPENDITURE		42,034,636	16,007,756	10,006,478	6,001,278	37
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL EXPENDITURE		(34,071,347)	20,466,383	28,813,073	8,346,690	41
Adjustments for Non-Cash Movements						
Depreciation on Assets		15,030,810	6,261,205	6,309,873	48,668	1
Loss on Disposal		260,485	104,051	61,655	(42,396)	(41)
Profit on Disposal		(74,596)	(48,989)	(64,544)	(15,555)	32
						0
Adjustments for Other Cash Movements						
Proceeds from Disposal	9	1,265,000	768,800	388,152	(380,648)	(50)
Loan funds		900,000	0	0	0	0
Loan repayments (principal)		(228,493)	112,605	112,605	0	0
						0
Funded From						
Transfers from Reserves	10	20,764,314	1,367,200	2,501,366	1,134,166	83
Transfers to Reserves		(12,075,873)	432,285	450,701	18,416	4
Opening Funds		8,229,698	8,229,698	8,220,279	(9,419)	(0)
Closing Funds		(2)	37,693,238	46,793,160	9,099,922	24

Capital Expenditure Summary

Appendix B

CITY OF JOONDALUP
November-05

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	Note	Adopted Budget	YTD Budget	YTD Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Expenditure						
Computer & Computer Equipment	6	1,508,793	677,000	54,823	622,177	92
Furniture & Office Equipment		134,985	14,500	10,558	3,942	27
Heavy Vehicles	7	980,000	435,000	163,840	271,160	62
Light Vehicles	7	1,795,000	1,152,000	817,057	334,943	29
Mobile Plant	7	742,000	335,000	140,155	194,845	58
Plant & Equipment	6	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	2,698,500	1,206,433	1,492,067	55

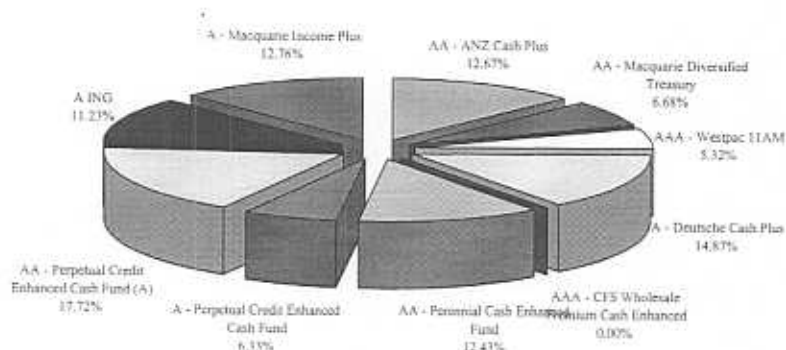


Capital Works Summary

CITY OF JOONDALUP
November-05

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	Note	Adopted Budget	YTD Budget	YTD Spend Actual	Variance	Variance
		\$	\$	\$	\$	%
Capital Works						
Joondalup Council Depot		6,954,426	27,426	3,600	23,826	87
Craigie Leisure Centre Refurbishment	8	3,947,141	3,845,000	3,480,514	364,486	9
Joondalup Cultural Facility	8	1,187,444	925,000	0	925,000	100
Sorrento Beach Project	8	1,800,000	514,280	9,171	505,109	98
Ocean Reef Boat Harbour	8	1,030,645	100,000	0	100,000	100
Currambine Community Centre		160,000	0	7,000	(7,000)	100
Road Resurfacing	8	4,496,679	1,994,483	1,382,986	611,497	31
Joondalup Drive Development	8	1,102,384	1,102,384	862,778	239,606	22
Burns Beach Road Development		1,500,000	0	6,264	(6,264)	100
Ocean Reef Road Development	8	1,660,664	1,660,664	1,376,778	283,886	17
Other Roadworks		56,199	31,199	7,456	23,743	76
Traffic Management	8	2,360,457	646,957	476,299	170,658	26
Drainage	8	884,067	238,139	77,108	161,031	68
Street Lighting		338,516	41,220	23,224	17,996	44
Streetscape Enhancement		19,223	5,600	13,891	(8,291)	(148)
Shared Paths/Bicycle Facilities		285,606	18,456	5,540	12,916	70
Footpaths		364,800	162,300	186,987	(24,687)	(15)
Parking Facilities		372,100	44,500	45,664	(1,164)	(3)
Library Building Works		562,247	236,022	214,004	22,018	9
Administration Building Works	8	917,516	540,536	283,853	256,683	47
Other Building Works	8	873,731	391,359	53,334	338,025	86
Foreshore Protection	8	459,991	254,991	153,372	101,619	40
Sporting Facilities	8	399,366	69,793	17,405	52,388	75
Playground Equipment	8	337,236	139,240	46,584	92,656	67
Parks & Reserves Enhancement	8	862,320	319,707	66,232	253,475	79
Capital Works Total		32,932,758	13,309,256	8,800,045	4,509,211	34

City of Joondalup - Investment Balances


Investment Account	Funds Held
AA - ANZ Cash Plus	\$ 8,621,320
AA - Macquarie Diversified Treasury	4,550,282
AAA - Westpac 11AM	3,620,000
A - Deutsche Cash Plus	10,120,561
AAA - CFS Wholesale Premium Cash Enhanced	-
AA - Perennial Cash Enhanced Fund	8,460,876
A - Perpetual Credit Enhanced Cash Fund	4,305,588
AA - Perpetual Credit Enhanced Cash Fund (A)	12,058,680
A ING	7,647,200
A - Macquarie Income Plus	8,684,509
Total Funds held in AA + A Investments	68,069,017

Total 68,069,017

Amount included in total funds invested that relate to reserves:

\$ 20,010,090

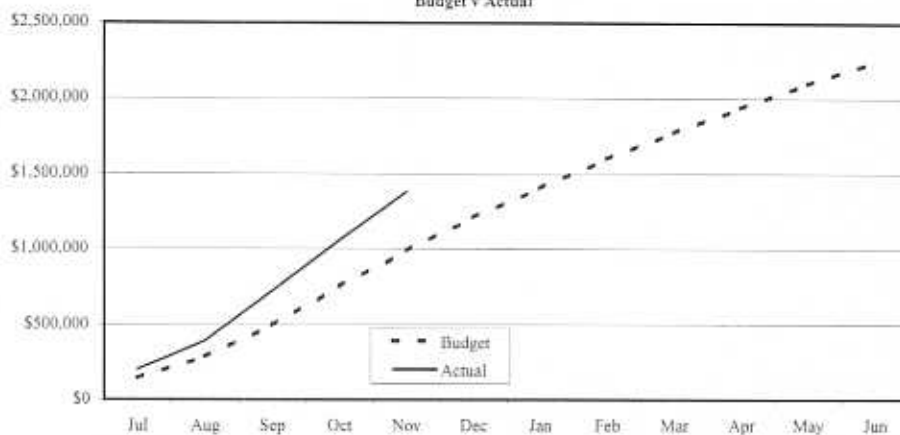
Other Comments

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

'A' not to exceed 40%

'AA' not to exceed 50%

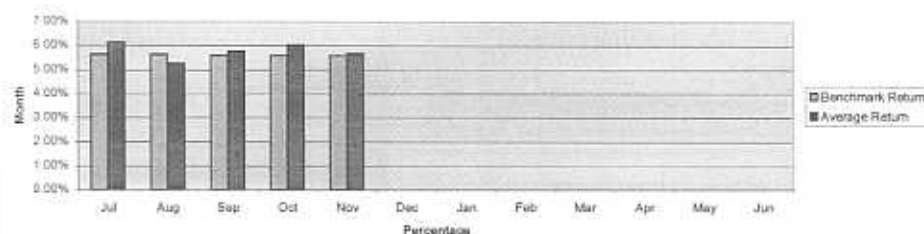
No breach of Council Policy 2.4.2. has occurred during the month.

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

Return on Investments

Year to Date Interest: **Budget** \$0.987m **Actual** \$1.383m

Average return for the portfolio: 5.82%
Benchmark return: 5.72%

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 NOVEMBER 2005

1 Fees and Charges

The details of the year to date variance for fees and charges are as follows: -

	Budget	Actual	Variance
a) Rates Fees and Charges	\$563k	\$709k	\$146k
b) Fees and Licences	\$1,376k	\$1,311k	(\$65k)
c) Fines and Penalties	\$129k	\$88k	(\$41k)
d) Service Fees and Charges	\$1,253k	\$828k	(\$425k)
e) Sale of Miscellaneous Items	\$536k	\$40k	(\$496k)
f) Other	\$8,888k	\$8,932k	\$44k
	<u>\$12,745k</u>	<u>\$11,908k</u>	<u>(\$837k)</u>

- a) Additional revenue received was from rates instalment charges, **\$90k** and interest on outstanding rates, **\$56k**.
- b) The City budgeted to receive **\$354k** from Building Licences, but received only **\$305k**. This is the result of a reduced number of building applications, but it is expected to be on budget by year end as several large projects are in development.
- c) It was anticipated that new ranger positions would generate additional parking fines revenue of **\$77k** for the year up to December, however the creation of the new positions has been delayed causing an adverse variance of **\$55k** for which there is a corresponding underspend in expenditure. This was offset by additional minor fines and penalties collected of **\$13k**.
- d) 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, | \$151k |
| • learn to swim program fees, | \$73k |
| • other membership fees, | \$120k |
| • hire of facilities | \$35k |
| • personal training | <u>\$18k</u> |
| | \$397k |

The shortfall in revenue for the leisure centre is partially offset by savings in salaries, uniforms and advertising, detailed in the relevant expenditure section of these notes.

- e) 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. It is noted that this item should have been budgeted as Disposal of Asset. The reporting line will be adjusted in the budget review.

2 Interest Earnings

The City received a YTD portfolio return of **5.82%**, compared to budgeted return of **5.50%**, resulting in increased revenue of **\$57k**, attributable to the higher rate of interest. The average balance of funds invested was **\$56.3m** compared to the budgeted amount of **\$42.8m**, resulting in additional revenue, **\$339k**.

3 Employee Costs

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

- | | |
|------------------------------------|-----------------|
| a) 2005/06 Establishment vacancies | \$1,242k |
| b) 2005/06 New Project positions | \$268k |
| c) Staff Training | \$63k |
| d) Craigie Leisure Centre Uniforms | \$32k |
| e) Other | \$13k |
| | \$1,618k |
- a) Cumulative effect of vacancies within the approved establishment. These vacancies are a combination of longer term unfilled positions and shorter term vacancies.
- b) Delays have occurred in the Spatial Data Management and ranger services projects due to the organisational review. Recruitment of the 3 man mowing crew has been deferred awaiting placement of the tender for purchase of plant equipment
- c) The underspend in staff training is due to restriction on expenditure while a review of staff training plans was undertaken.
- d) The Craigie Leisure Centre uniforms have not been purchased due to a delay in opening the facility.

4 Materials & Contracts

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

	Budget	Actual	Variance
a) Consultancy and Contractors	\$512k	\$145k	\$367k
b) Furniture and Equipment	\$350k	\$197k	\$153k
c) Professional Fees and Costs	\$732k	\$624k	\$108k
d) Administration	\$631k	\$523k	\$108k
e) Other	\$8,320k	\$8,311k	\$9k
	\$10,545k	\$9,800k	\$745k

- a) Consultancy and Contractors was budgeted at **\$512k**, but spent only **\$145k** for the year to date. A revised centralised process has been introduced in relation to the commissioning of consultants and the consultancy variance of **\$367k** may proportionately be reduced during the remaining period of the year.
- b) **\$113k** was budgeted for minor furniture for the year to date, but only **\$33k** had been spent. This was due primarily to projects within the libraries, which were delayed awaiting results of expressions of interest. It is expected these projects will be finished in February/March. In addition, funds had been budgeted for hire of equipment for the Craigie Leisure Centre gym, **\$40k** but were not spent due to a delay in opening the facility. The year to date budget on minor plant and equipment purchases was **\$84k**, but only **\$55k** has been spent.
- c) The panel inquiry had budgeted year to date expenditure for legal fees of **\$259k**, but actual expenditure totalled **\$22k**. 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 **\$270k** but totalled **\$436k**. In addition audit fees had a year to date variance of **\$35k** which is a timing difference due to budget phasing.
- d) The year to date budget for printing was **\$167k**, however only **\$96k** was spent, due primarily to a delay in re-opening Craigie Leisure Centre, a deferral by libraries relating to sub-branding, which is expected to be resolved early 2006, and to the cancellation of the Community Directory (the funding for the Community Directory, will now be transferred to the sponsorship of the West Perth Football Club, **\$32k**).

Advertising had a year to date budget of **\$130k**, but only spent **\$87k**. 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.

5 Utilities

Electricity has a year to date budget of **\$1,224k**, but actual expenditure was only **\$1,069k**. Wet weather required less irrigation than anticipated, and this resulted in reduced electricity usage.

6 Purchase of Furniture and Equipment

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

	Budget	Actual	Variance
a) Payroll System	\$200k	\$0k	\$200k
b) Network Infrastructure Upgrade	\$130k	\$0k	\$130k
c) Corporate PC and Notebook Replacement Program	\$100k	\$0k	\$100k
d) Equipment for Three Man Mowing Crew	\$80k	\$0k	\$80k
e) Two Way Radio System	\$75k	\$0k	\$75k
f) Document Management System	\$70k	\$0k	\$70k
g) Other	<u>\$116k</u>	<u>\$65k</u>	<u>\$51k</u>
	\$771k	\$65k	\$706k

- a) The tender for the new HR/Payroll system has been approved and implementation will commence in February 2006, **\$224k**. A payment schedule is yet to be finalised but payments will occur from February to December 2006.
- b) Tendering considerations will defer other infrastructure upgrades to the last quarter of the financial year, **\$130k**.
- c) All orders have been placed for PCs, notebooks and printers with the exception of **\$65k** of equipment for elected members. **\$44k** worth of notebook computers will be received in December.
- d) Expenditure on new capital equipment for a three man mowing crew, **\$80k**, has been deferred until next calendar year.
- e) **\$45k** has been incurred installing the Push To Talk phones in council vehicles, and is expected to be paid in January 2006. The remaining costs of **\$30k** are an operating nature which will be billed by Telstra on a monthly basis.
- f) The business case for the new Document Management System has yet to be developed and the tendering process will not commence until 2006, **\$70k**.
- g) Miscellaneous variances are as follows:

a. Oracle Expansion Project,	\$39k
b. 5 year Major IT upgrade,	\$18k
c. Network Infrastructure Upgrade	<u>(\$7k)</u>
	\$50k

7 Purchase of Vehicles and Plant

The purchase of heavy vehicles, **\$435k**, light vehicles **\$413k**, and mobile plant, **\$272k**, has been delayed due to a review of internal administration procedures for the purchase of vehicles under the State Government contract. It is expected that acquisition of new vehicles will occur in January/February. Several vehicles were received and paid for in November, but these were approved last year.

This is offset by the purchase of a refuse truck, **\$164k**, a truck, **\$59k**, and a tractor, **\$75k**. 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. In addition year to date light vehicles purchased were overspent by **\$19k**.

8 Construction of Infrastructure Assets

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

	Budget	Actual	Variance
a) Joondalup Cultural Facility	\$925k	\$0k	\$925k
b) Road Resurfacing	\$1,994k	\$1,383k	\$611k
c) Sorrento Beach Project	\$514k	\$9k	\$505k
d) Craigie Leisure Centre Refurbishment	\$3,845k	\$3,481k	\$364k
e) Other Building Maintenance	\$391k	\$53k	\$338k
f) Ocean Reef Road	\$1,660k	\$1,377k	\$284k
g) Parks & Reserves	\$319k	\$66k	\$253k
h) Administration Building Maintenance	\$541k	\$284k	\$257k
i) Joondalup Drive	\$1,103k	\$863k	\$240k
j) Traffic Management	\$647k	\$476k	\$171k
k) Drainage	\$238k	\$77k	\$161k
l) Foreshore Protection	\$255k	\$153k	\$102k
m) Ocean Reef Marina	\$100k	\$0k	\$100k
n) Playground Equipment	\$139k	\$46k	\$93k
o) Sporting Facilities	\$70k	\$18k	\$52k
p) Other	\$566k	\$513k	\$53k
	\$13,309k	\$8,800k	\$4,509k

- a) The settlement on the land purchase **\$595k** has been delayed awaiting creation of land title. The City have also agreed to pay half the costs of construction for the road alongside Joondalup Cultural Facility development site **\$330k**.
- b) There were delays in commencing new projects in the road resurfacing program while determination of specific works in the program were being finalised, **\$611k**.
- c) Work has commenced on the Sorrento Beach Project, with the first progress payment to be made in early December, **\$505k**.

- d) 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 against the year to date budget of **\$364k**.
- e) Construction of the toilet block in the Joondalup City centre has been delayed pending approval by the Western Australian Planning Commission. It is expected that approval will be received and the project be undertaken in early 2006, **\$96k**. The upgrade of plumbing in Neil Hawkins Park has been delayed while soil samples are taken, **\$100k**. The Iluka Foreshore Toilet Block project has been re-tendered due to demand for enhanced specifications, **\$132k**.
- f) The Ocean Reef Road development was completed on 31st October and the City is now awaiting the final invoice for the project, **\$284k**.
- g) Adverse weather conditions have delayed progress on parks and reserves works, particularly Lakeside Park, **\$45k**, George Sears Park **\$56k**, and Oleaster Park **\$52k** and other minor projects (individually less than **\$32k**) have been underspent in total by **\$100k**.
- h) Maintenance work on the lifts in the civic chambers has progressed as scheduled, and the City is now awaiting invoices from the contractor, **\$123k**. A lift replacement was also budgeted, and this will take place once the above maintenance is complete, **\$80k**. In addition other minor projects (individually less than **\$27k**) have been underspent in total by **\$52k**.
- i) Negotiations with Western Power regarding final lighting connections have been finalised. It is anticipated that the project will be completed and fully paid for by the end of December, **\$204k**. Other minor projects were underspent by **\$36k**.
- j) Traffic management works on Ballantine Road, **\$87k** and Sherrington Road, **\$63k**, are progressing and will be finished by the end of December and other minor projects were underspent by **\$21k**.
- k) The City is currently negotiating the final contribution towards main drainage through the Joondalup Gate development, **\$60k**. In addition, drainage works on Collier Pass have been completed, but fencing needs to be installed. It is anticipated that the fencing will be installed in January, subject to the availability of contractor, **\$33k**. Other minor projects (individually less than **\$18k**) have been underspent in total by **\$67k**.
- l) Progress on foreshore protection has been delayed due to adverse weather early in the year, **\$102k**.
- m) The Ocean Reef Marina structure plan process is expected to commence in February 2006 due to a delay in gaining approvals to proceed, **\$100k**.
- n) Installation of new playground equipment began in November. It is anticipated that the installation will be completed and paid for in December, **\$93k**.



- o) There have been delays in commencing the sporting facilities projects due to contractor availability, **\$52k**.
- p) Other minor projects (individually less than **\$24k**) were underspent in total by **\$53k**.

9 Proceeds from Disposal

The trade-in of heavy and light vehicles and mobile plant has been delayed due a review of 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 January/February.

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**.

10 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 not occurring due to delays in purchases, **(\$1.2m)**.