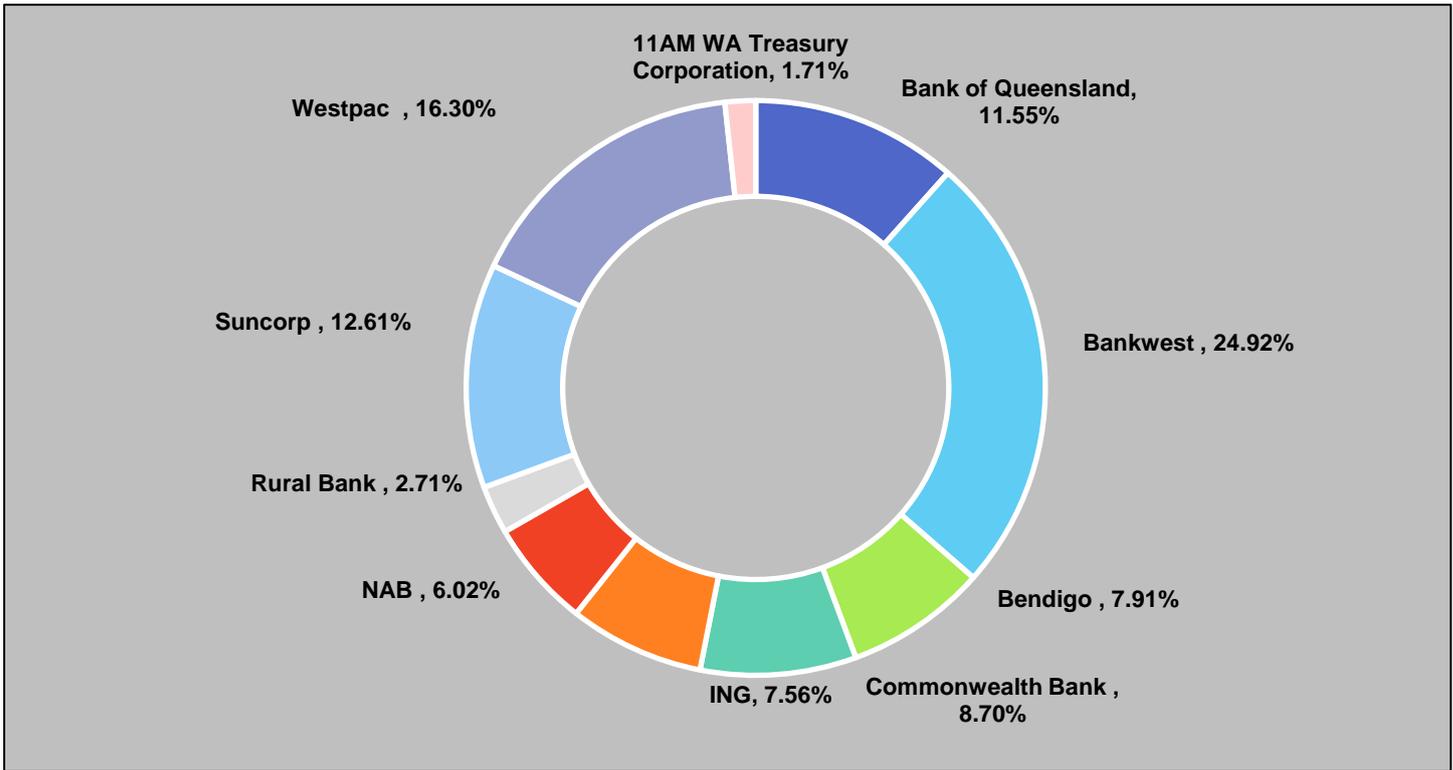


	Notes	Adopted Budget	YTD Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(100,296,743)	(100,091,743)	(100,086,532)	(5,211)	0%
Specified Area Rates		(561,099)	(561,099)	(561,098)	(1)	0%
Grants and Subsidies	1	(3,526,604)	(831,637)	(458,333)	(373,304)	(45)%
Contributions Reimbursements and Donations	2	(1,100,753)	(184,696)	(155,165)	(29,531)	(16)%
Profit on Asset Disposals	3	(41,225)	-	(177,721)	177,721	100%
Fees and Charges		(41,337,134)	(26,595,797)	(26,571,387)	(24,410)	(0)%
Interest Earnings	4	(3,446,921)	(1,143,528)	(1,324,076)	180,548	16%
Other Revenue/Income	5	(213,466)	(52,676)	(660,244)	607,568	100%
<b>Total Operating Revenue</b>		<b>(150,523,946)</b>	<b>(129,461,176)</b>	<b>(129,994,556)</b>	<b>533,380</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	6	65,529,623	16,805,704	16,138,792	666,912	4%
Materials and Contracts	7	52,554,318	13,068,842	11,801,819	1,267,023	10%
Utilities (gas, electricity, water etc.)		5,613,600	1,360,506	1,402,500	(41,994)	(3)%
Depreciation & Amortisation of Non-Current Assets	8	30,819,322	7,710,008	7,531,380	178,628	2%
Loss on Asset Disposals	9	212,295	-	121,436	(121,436)	(70)%
Interest Expenses	10	476,596	109,686	87,567	22,119	20%
Insurance Expenses		1,383,322	803,088	810,919	(7,831)	(1)%
<b>Total Operating Expenses</b>		<b>156,589,076</b>	<b>39,857,834</b>	<b>37,894,413</b>	<b>1,963,421</b>	<b>5%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>6,065,131</b>	<b>(89,603,342)</b>	<b>(92,100,143)</b>	<b>2,496,801</b>	<b>3%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(30,819,322)	(7,710,008)	(7,531,380)	(178,628)	(2)%
Loss on Asset Disposal		(212,295)	-	(121,436)	121,436	100%
Profit on Asset Disposals		41,225	-	177,721	(177,721)	100%
Other Non-Current items						
Movement in Non-current Items	11	(100,000)	(100,000)	87,795	(187,795)	188%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(25,025,262)</b>	<b>(97,413,351)</b>	<b>(99,487,443)</b>	<b>2,074,093</b>	<b>2%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	12	(8,904,948)	(1,175,388)	(834,705)	(340,683)	(29)%
Capital Contributions	13	(450,000)	-	(17,412)	17,412	100%
<b>Total Non-Operating Revenue</b>		<b>(10,521,615)</b>	<b>(1,175,388)</b>	<b>(852,117)</b>	<b>(323,271)</b>	<b>(28)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	14	7,961,809	514,479	382,276	132,203	26%
Capital Works	15	29,734,882	2,583,330	4,343,196	(1,759,866)	(68)%
Vehicle and Plant Replacements	16	2,574,000	365,000	328,101	36,899	10%
Loan Repayment Principal	17	3,201,862	789,282	569,404	219,878	28%
<b>Total Capital Expenditure</b>		<b>43,472,553</b>	<b>4,252,091</b>	<b>5,622,977</b>	<b>(1,370,886)</b>	<b>(32)%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>32,950,938</b>	<b>3,076,703</b>	<b>4,770,860</b>	<b>(1,694,157)</b>	<b>(55)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>7,925,676</b>	<b>(94,336,648)</b>	<b>(94,716,583)</b>	<b>379,936</b>	<b>0%</b>
<b>FUNDING</b>						
Proceeds from Disposal	18	(1,969,790)	-	(335,997)	335,997	100%
Loans - New Borrowings		-	-	-	-	-
Transfer from Trust		(1,930,000)	-	-	-	-
Transfer from Reserve		(11,444,145)	-	-	-	-
Transfer to Reserve		7,802,777	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds	19	(534,903)	(534,903)	(4,428,425)	3,893,522	100%
<b>CLOSING FUNDS</b>	20	<b>(150,385)</b>	<b>(94,871,551)</b>	<b>(99,481,005)</b>	<b>4,609,454</b>	<b>5%</b>

# INVESTMENT SUMMARY

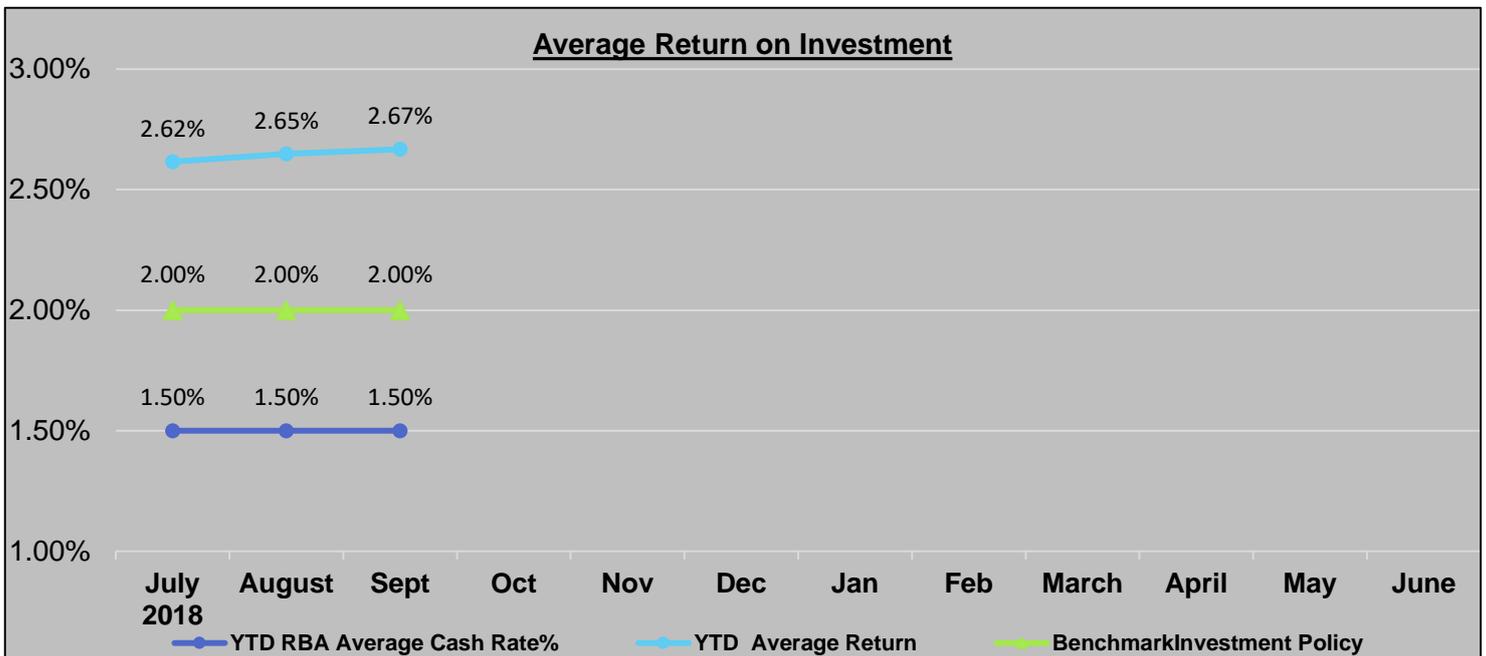
September-18



Municipal Funds	\$84,942,450
Reserve Funds	\$73,632,550
	\$158,575,000

<u>Investment Policy Limits</u>					
	<u>LT Rating</u>	<u>Limit</u>		<u>LT Rating</u>	<u>Limit</u>
Bank of Queensland	A-*	10%	NAB	AA-	25%
Bankwest	AA-	25%	Rural Bank	A-*	10%
Bendigo	A-*	10%	Suncorp	A+	15%
Commonwealth Bank	AA-	25%	Westpac	AA-	25%
ING	A+	15%	11AM WATC	AA+	25%

\*S&P Long Term Rating BBB, Based on the investment policy the Long Term Rating Used is (A-) Based on Moody's and Fitch Rating



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER (Subject to finalisation of 2017-18 End of Year)**

**1. Grants and Subsidies (\$373,304)**

This unfavourable timing variance arose mainly from the Commonwealth General Purpose Grant (\$406,538) which was partly received in the previous financial year. This is partly offset by an unbudgeted Grant \$27,902 from the Department of Veteran Affairs through the Armistice Centenary Grant Program. Budgets in both cases will be adjusted at the Mid Year Budget Review.

**2. Contributions, Reimbursements and Donations (\$29,531)**

This unfavourable timing variance arose mainly from billing for Utility Charges (\$43,902) and Contributions (\$33,186), partially offset by favourable timing variances for Other Miscellaneous Reimbursements \$27,927 and Insurance Claims \$9,738. The balances of variances are spread across other areas.

**3. Profit on Asset Disposals \$177,721**

This favourable timing variance arose due to the timing of the disposal of surplus land holdings and profit on sale of land at Tamala Park \$133,657 and disposal of replaced Vehicles, Plant and Equipment \$44,064.

**4. Interest Earnings \$180,548**

A favourable timing variance arose from Interest from Investments \$216,520 partially offset by unfavourable timing variances for Interest on Instalments (\$24,656) and Penalty Interest (\$11,316).

**5. Other Revenue / Income \$607,568**

This favourable variance arose predominantly from an unbudgeted Contribution \$500,000 from Satterley in lieu of providing the City with land for future community purposes (Beaumauris Beach Estate) and unbudgeted rebates received from LGIS \$116,261 representing the City's share of rebates provided to LGIS scheme members.

Favourable Variance
Unfavourable Variance

**6. Employee Costs \$666,912**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$15,817,089	\$15,195,906	\$621,183
b) Other Employment Costs	\$988,615	\$942,886	\$45,729
	<u>\$16,805,704</u>	<u>\$16,138,792</u>	<u>\$666,912</u>

- a) A favourable variance arose for Salaries and Wages in various areas, including Parks \$221,015, Planning Approvals \$117,362, Director Planning and Community Development \$86,104, and Building Services \$71,532 mainly due to vacant positions. The balances of variances are spread across a number of areas.
- b) Favourable variances arose for Other Employment Costs \$113,229 and Labour Recovery - Capital Works \$49,657, partially offset by an unfavourable variance for Agency Employees (\$117,157) covering vacant positions.

**7. Materials and Contracts \$1,267,023**

	YTD Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$766,999	\$633,127	\$133,872
b) Public Relations, Advertising & Promotions	\$328,715	\$148,123	\$180,592
c) Computing	\$855,482	\$775,817	\$79,665
d) Other Building Materials & Supplies	\$456,960	\$628,630	(\$171,670)
e) External Service Expenses	\$5,462,722	\$4,659,767	\$802,955
f) Accommodation & Property	\$557,314	\$462,011	\$95,303
g) Contributions & Donations	\$402,177	\$688,212	(\$286,035)
h) Furniture, Equipment & Artworks	\$554,021	\$377,905	\$176,116
i) Charges & Recoveries	(\$46,895)	(\$112,355)	\$65,460
j) Administration	\$616,999	\$418,393	\$198,606
Other Materials & Contracts	\$3,114,348	\$3,122,189	(\$7,841)
	<u>\$13,068,842</u>	<u>\$11,801,819</u>	<u>\$1,267,023</u>

- a) A favourable timing variance arose for Consultancy \$118,407, the balances of variances are spread across a number of areas.
- b) This favourable variance was predominantly due to Promotions \$76,991, General Advertising \$51,345 and Signage/Decals \$17,957.
- c) This includes favourable timing variances for Computer Software Subscriptions \$47,501 and Computer Software Licences \$42,463.
- d) An unfavourable timing variance arose predominantly from External Material Purchases – Contract (\$203,644) partially offset by a favourable timing variance for Materials - Minor Building Works \$51,081.

Favourable Variance
Unfavourable Variance

- e) This favourable timing variance mainly arose from External Contractors and Services \$724,830 and Programme Activities \$64,129. The balances of variances are spread across a number of areas.
- f) This favourable timing variance arose predominantly from Refuse Removal Charges \$54,730 and Rental and Outgoings \$30,881.
- g) Unfavourable timing variances mainly arose from Sponsorship (\$205,057) and Grants and Contributions Made (\$96,463), partially offset by a favourable timing variance for Prizes and Trophies \$16,734.
- h) Favourable timing variances arose mainly from Plant and Equipment Purchases – Minor \$101,097, Computer and Communications Equipment Purchases – Minor \$57,694 and Plant and Equipment Maintenance and Repair \$11,283.
- i) This favourable timing variance arose predominantly from operational Overhead Recoveries \$48,133. The balances of variances are spread across a number of areas.
- j) Favourable timing variances arose mainly from Other Sundry Administration Expenses \$134,076 and Printing \$46,464. The balances of variances are spread across a number of areas.

**8. Depreciation & Amortisation of Non-Current Assets \$178,628**

2017/18 asset values are being finalised as part of the end of year audit. The effect of this may not yet be fully reflected in the 2018/19 depreciation figures. Favourable variances arose for Depreciation – Open Reserves \$280,609 and Depreciation – Buildings \$48,282, partially offset by unfavourable variances for Depreciation – Computer and Communications Hardware (\$68,512), Depreciation – Mobile and Other Plant (\$54,947) and Depreciation – Lighting (\$23,428). The balances of the variances are spread across a number of areas

**9. Loss on Asset Disposals (\$121,436)**

This unfavourable timing variance arose in respect of the disposal of Fleet and Plant Assets (\$121,436).

**10. Interest Expenses \$22,119**

This favourable timing variance arose predominantly from Interest on Loans \$21,797 following a revision by Western Australia Treasury Corporation of the loan repayment schedule for the Multi Storey Carpark, phasing for which will be adjusted at Mid-Year Budget Review.

**11. Movement in Non-Current Items (\$187,795)**

This timing variance arose in respect of a decrease in Non-current Long Service Leave Liability.

Favourable Variance
Unfavourable Variance

**12. Capital Grants and Subsidies****(\$340,683)**

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$874,450	\$321,853	(\$552,597)
b) Street Lighting Program	\$3,500	\$101,250	\$97,750
c) Traffic Management Program	\$20,000	\$221,334	\$201,334
d) Major Roads Construction	-	\$113,023	\$113,023
e) Capital Projects	\$277,438	-	(\$277,438)
Other Programs	-	\$77,245	\$77,245
	<u>\$1,175,388</u>	<u>\$834,705</u>	<u>(\$340,683)</u>

- a) This unfavourable timing variance predominantly arose from delay of State Government Ministerial approval of Grant funding for the program which includes Braden Way (\$176,000), Cummings Way (127,000), Kebroyd Way (\$91,000), Ripley Way (\$59,991), Gibson Avenue – Rudall Way (North) to Hepburn Avenue (\$43,067), Arnisdale Road – Glengarry Drive to Merrick Way (\$36,864), Joondalup Drive – City Boundary Westbound (\$30,987) and the Crack Sealing Program (\$83,000). Claims were submitted following Ministerial permission granted late August 2018 and are now awaiting payment from Main Roads WA.
- b) This favourable variance mainly arose from unbudgeted grant funding of \$101,250 received from the Department of Industry for Stage 2 of the Joondalup City Centre Street Lighting.
- c) This favourable variance is a combination of the timing of final payments for 2017/18 State Black Spot Project Whitfords Avenue / John Wilkie Tarn \$78,667 and progress payments for 2017/18 projects Warwick Train Station \$54,667, Ocean Reef Road / Trappers Drive \$40,000 and Marmion Avenue / Burns Beach Road \$12,000. An unbudgeted amount of \$16,000 was received for Moore Drive / Marmion Avenue due to additional grand funding received.
- d) A favourable timing variance arose from Major Road Improvement Grant for Whitfords Avenue Median Upgrades \$113,023 which was anticipated to be received in 2017/18.
- e) This unfavourable timing variance arose from Yellagonga Wetlands – Smart Monitoring and Management delayed due to re-scheduling of Federal Government funding, phasing for which will be adjusted at Mid-Year Budget Review.

**13. Capital Contributions****\$17,412**

This favourable variance arose from an unbudgeted contribution received for the replacement of the floor tiles in the tennis change rooms at Percy Doyle Reserve \$9,957 and unbudgeted rebates of \$7,455 received for renewable energy appliances installed during upgrade of Penistone Park.

Favourable Variance
Unfavourable Variance

**14. Capital Projects****\$132,203**

A favourable timing variance arose for Yellagonga Wetlands – Smart Monitoring and Management \$110,795 delayed due to re-scheduling of Federal Government funding, phasing for which will be adjusted at Mid-Year Budget Review. Favourable timing variances also arose from Cafes / Restaurants / Kiosk \$62,441 and Joondalup City Centre Commercial Office Development \$71,746 due to project progress. This is partially offset by an unfavourable timing variance for Better Bins Project (\$183,192) which is progressing ahead of schedule in preparation for roll out in January to May 2019.

**15. Capital Works****(\$1,759,866)**

	YTD Budget	YTD Actual	Variance
a) Street Lighting Program	\$529,500	\$1,513,030	(\$983,530)
b) Road Preservation/Resurfacing Program	\$687,800	\$999,172	(\$311,372)
c) Stormwater Drainage Program	\$17,750	\$192,380	(\$174,630)
d) Path Program	\$129,500	\$264,910	(\$135,410)
e) Major Buildings Capital Works Program	\$161,000	\$355,291	(\$194,291)
f) Traffic Management Program	\$238,570	\$290,406	(\$51,836)
g) Parks Equipment Program	\$119,500	\$327,956	(\$208,456)
h) Major Projects Program	\$384,231	\$138,896	\$245,335
i) Streetscape Enhancement Program	\$233,979	\$61,176	\$172,803
j) Parks Development Program	\$63,000	\$160,626	(\$97,626)
Other Programs	\$18,500	\$39,353	(\$20,853)
	<u>\$2,583,330</u>	<u>\$4,343,196</u>	<u>(\$1,759,866)</u>

- a) This unfavourable timing variance is due predominantly from Stage 2 Joondalup City Centre Lighting (\$984,537) which is a multiyear project and Whitfords Nodes Car Park (\$33,608) which is now complete. This is partially offset by a favourable timing variance for the Floodlight and Pole Replacement Program \$30,749 due to project progress.
- b) Unfavourable timing variances arose due to rehabilitation works completed ahead of schedule including Ripley Way (\$112,752), Cummings Way (\$89,397), Turberry Place and Green Close (\$66,189) and Madena Place (\$52,290).
- c) This unfavourable variance is a result of projects being funded from funds brought forward from the previous financial year including projects Parin Pioneer Park Development (Blackthorn Park) (\$118,976) and Periwinkle Park (\$62,988). Both projects are now 100% complete.
- d) Unfavourable timing variances arose across the Path Replacement Program (\$87,317) which is progressing ahead of schedule with 18 (75%) projects complete including Campbell Drive to Empen Way (\$14,047), Ricketts Way to Reilly Way (\$13,415), Smallman Crescent to Wanneroo Road (\$12,683) and Waterford Drive to Hanley Place

Favourable Variance

Unfavourable Variance

(\$12,037). In addition, an unfavourable variance arose from the New Paths Program (\$48,093) mainly due to the replacement and upgrade of the bus shelter in Hepburn Avenue at the freeway exit which was damaged in a traffic accident. Insurance repayment has been received however the shelter was moved and upgraded to align with Black Spot Program works on Hepburn Avenue Shoulders scheduled in February 2019. The balances of variances are spread across a number of areas.

- e) This unfavourable timing variance arose mainly due to Mawson Park Toilets/Changerooms (\$178,278) and Sorrento Surf Life Savings Club Works (\$31,965) being completed ahead of schedule. This is offset by a favourable variance for Warrandyte Park Clubroom \$23,616 completed under budget.
- f) This unfavourable variance arose from projects with funds brought forward from the previous financial year including Local Traffic Management project Venturi Drive Median Treatment (\$39,429). In addition, an unfavourable timing variance arose from State Black Spot project Marmion Avenue and Ocean Reef Road (\$49,802) which is progressing ahead of forecast. This is offset by a favourable variance for State Black Spot project Marmion Avenue and Beach Road \$47,761 completed under budget. The balances of variances are spread across a number of areas.
- g) Unfavourable timing variances arose across the program mainly due to Cricket Infrastructure Renewal (\$50,535), Alfreton Park Playspace Renewal (\$49,466), and Tuart Park Playspace Renewal (\$42,480) completed ahead of schedule. In addition, unfavourable variances arose for projects funded from funds brought forward from the previous financial year including MacDonald Park Playspace Renewals (\$33,367) and Tom Simpson Park Playspace Renewals (\$35,117), both projects are now complete.
- h) Favourable timing variances exist for works at Percy Doyle Reserve for the Tennis Clubrooms Refurbishment \$158,862 which is 95% constructed and the Power Upgrade \$98,400 which is 35% complete.
- i) This favourable timing variance arose predominantly due to the Streetscape Renewal Program \$147,458 for Warwick Road which is experiencing delays with construction now programmed for May to June 2019 and the Leafy City Program \$23,323 which has commenced.
- j) Unfavourable timing variances arose across a number of projects including Fairway / Carnaby Irrigation Consolidation (\$33,355) and Albacore Park Irrigation Upgrade, (23,331) with both projects completed ahead of schedule. In addition, the Tree Planting Program (\$25,906) and Prince Regent Park Irrigation Upgrade (\$23,855) are progressing ahead of schedule. This is offset by favourable variances for Parin Pioneer Park Development \$14,570 and the Dog Exercise Park Development \$11,870 with both projects in consultation phase.

## 16. Vehicle and Plant Replacements

**\$36,899**

This favourable variance for Fleet and Plant purchases includes timing variances for three vans totalling \$120,000 which are progressing behind budget phasing. This is partially offset by unfavourable timing variances for four sedans totalling (\$79,196) which have progressed ahead of budget phasing. Orders totalling \$308,110 have been placed and are scheduled for delivery in the coming months.

Favourable Variance
Unfavourable Variance

**17. Loan Repayment Principal****\$219,878**

This favourable timing variance arose from a revision by Western Australia Treasury Corporation of the loan repayment schedule for the Multi Storey Carpark, phasing for which will be adjusted at Mid-Year Budget Review.

**18. Proceeds from Disposal****\$335,997**

This favourable timing variance arose from Fleet and Plant disposals which includes \$103,015 for items replaced in the previous financial year.

**19. Opening Funds****\$3,893,522**

The variation in the closing funds for the period ended 30 June 2018 is prior to end of year position being finalised. The final balance will be available after the Financial Statements for 2017-18 have been audited.

<b>Favourable Variance</b>
<b>Unfavourable Variance</b>

**20. Closing Funds****\$4,609,454**

	<b>June 2018 *</b>	<b>September 2018</b>
<b>Current Assets</b>		
Cash and Investments	\$100,085,669	\$159,186,428
Rates Outstanding, Sundry Debtors and Other Receivables	\$3,026,090	\$49,757,492
Accrued Income	\$1,208,522	\$1,135,196
Prepayments	\$687,023	\$275,827
Inventories	\$188,284	\$191,750
<b>Total Current Assets</b>	<b>\$105,195,588</b>	<b>\$210,546,692</b>
<b>Current Liabilities</b>		
Trade Creditors	\$4,522,569	\$867,907
Sundry Payables	\$610,874	\$17,270,442
Accrued Expenses	\$5,116,012	\$4,037,180
Other Payables	\$2,305,685	-
Borrowings	\$3,201,862	\$2,632,460
Provision for Annual Leave	\$4,497,672	\$4,595,132
Provision for Long Service Leave	\$5,855,900	\$5,981,633
Provision for Workers Compensation Insurance	\$2,503,467	\$3,001,502
Provision for Sick Leave	\$1,006,450	\$966,279
Other Provisions	\$196,914	\$193,991
<b>Total Current Liabilities</b>	<b>\$29,817,405</b>	<b>\$39,546,526</b>
<b>Net Current Assets</b>	<b>\$75,378,183</b>	<b>\$171,000,166</b>
<b>Add back: Borrowings</b>	\$3,201,862	\$2,632,460
<b>Less: Cash Backed Reserves</b>	\$72,419,820	\$72,419,821
<b>Less: Non-Current Long Service Leave</b>	\$1,731,800	\$1,731,800
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$4,428,425</b>	<b>\$99,481,005</b>

\* Subject to finalisation of 2017-18 end of year

<b>Favourable Variance</b>
<b>Unfavourable Variance</b>