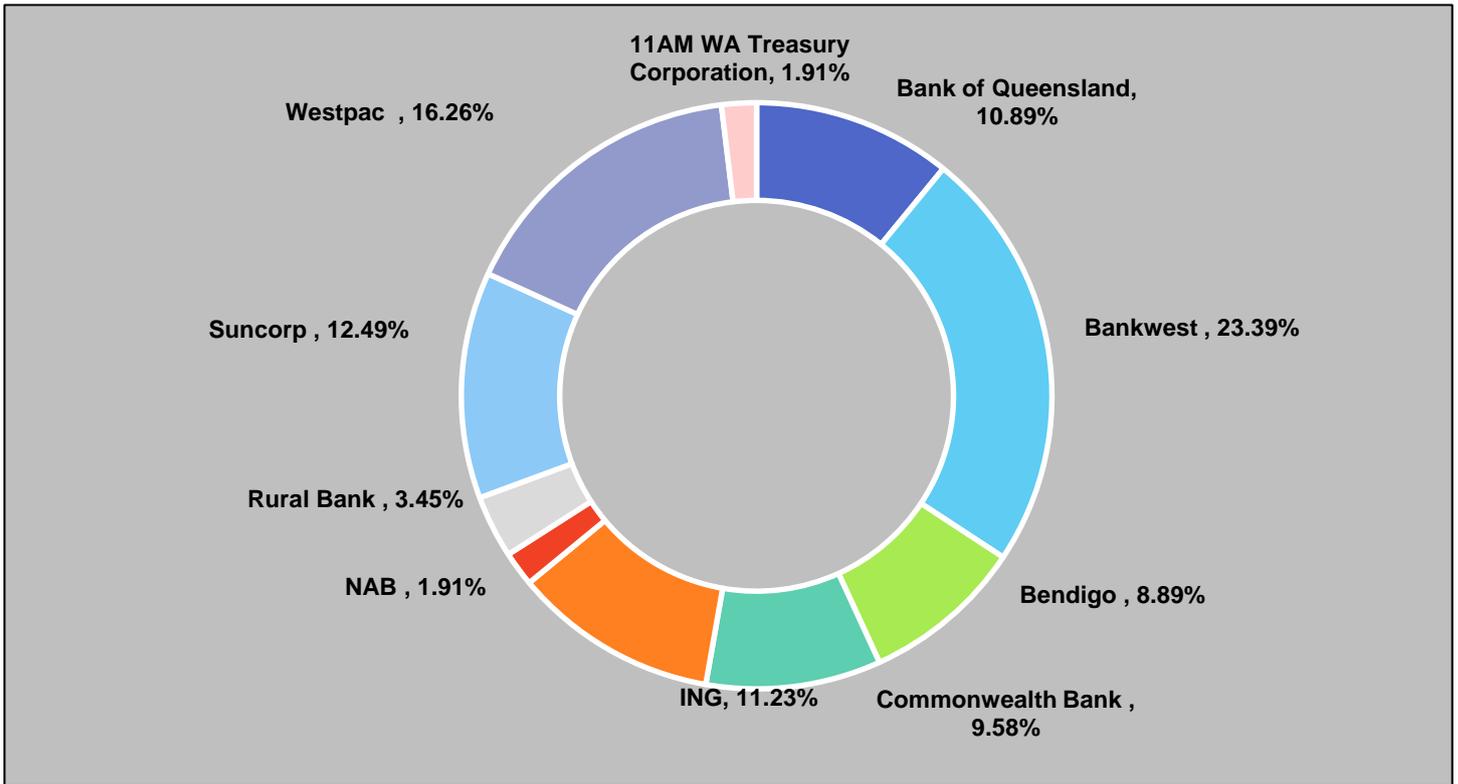


	Notes	Adopted Budget	YTD Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(100,296,743)	(100,091,743)	(100,095,784)	4,041	0%
Specified Area Rates		(561,099)	(561,099)	(561,098)	(1)	0%
Grants and Subsidies	1	(3,526,604)	(831,637)	(458,333)	(373,304)	(45)%
Contributions Reimbursements and Donations		(1,100,753)	(132,300)	(132,145)	(155)	(0)%
Profit on Asset Disposals		(41,225)	-	-	-	0%
Fees and Charges		(41,337,134)	(24,984,335)	(24,966,684)	(17,651)	(0)%
Interest Earnings	2	(3,446,921)	(846,718)	(899,004)	52,286	6%
Other Revenue/Income	3	(213,466)	(35,118)	(151,707)	116,589	200%
<b>Total Operating Revenue</b>		<b>(150,523,946)</b>	<b>(127,482,949)</b>	<b>(127,264,755)</b>	<b>(218,194)</b>	<b>-</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	4	65,529,623	11,773,316	11,388,158	385,158	3%
Materials and Contracts	5	52,554,318	8,467,184	7,864,607	602,577	7%
Utilities (gas, electricity, water etc.)	6	5,613,600	889,579	815,339	74,240	8%
Depreciation & Amortisation of Non-Current Assets	7	30,819,322	5,143,607	5,054,993	88,614	2%
Loss on Asset Disposals		212,295	-	-	-	0%
Interest Expenses		476,596	74,707	74,443	264	0%
Insurance Expenses		1,383,322	803,088	809,101	(6,013)	0%
<b>Total Operating Expenses</b>		<b>156,589,076</b>	<b>27,151,482</b>	<b>26,006,641</b>	<b>1,144,841</b>	<b>4%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>6,065,131</b>	<b>(100,331,467)</b>	<b>(101,258,114)</b>	<b>926,647</b>	<b>1%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(30,819,322)	(5,143,607)	(5,054,993)	(88,614)	(2)%
Loss on Asset Disposal		(212,295)	-	-	-	0%
Profit on Asset Disposals		41,225	-	-	-	0%
Other Non-Current items						
Movement in Non-current Items	8	(100,000)	(100,000)	53,547	(153,547)	154%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(25,025,262)</b>	<b>(105,575,075)</b>	<b>(106,259,560)</b>	<b>684,485</b>	<b>1%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	9	(8,904,948)	(568,717)	(762,460)	193,743	34%
Capital Contributions		(450,000)	-	(16,297)	16,297	0%
Equity Distribution - TPRC		(1,166,667)	-	-	-	0%
<b>Total Non-Operating Revenue</b>		<b>(10,521,615)</b>	<b>(568,717)</b>	<b>(778,757)</b>	<b>210,040</b>	<b>37%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	10	7,961,809	305,089	95,624	209,465	69%
Capital Works	11	29,734,882	1,615,273	3,157,908	(1,542,635)	(96)%
Vehicle and Plant Replacements	12	2,574,000	365,000	248,905	116,095	32%
Loan Repayment Principal		3,201,862	200,806	200,806	-	0%
<b>Total Capital Expenditure</b>		<b>43,472,553</b>	<b>2,486,168</b>	<b>3,703,243</b>	<b>(1,217,075)</b>	<b>(49)%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>32,950,938</b>	<b>1,917,451</b>	<b>2,924,486</b>	<b>(1,007,035)</b>	<b>(53)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>7,925,676</b>	<b>(103,657,624)</b>	<b>(103,335,074)</b>	<b>(322,549)</b>	<b>(0)%</b>
<b>FUNDING</b>						
Proceeds from Disposal		(1,969,790)	-	-	-	-
Loans - New Borrowings		-	-	-	-	-
Transfer from Trust		(1,930,000)	-	-	-	-
Transfer from Reserve		(11,444,145)	-	-	-	-
Transfer to Reserve		7,802,777	-	-	-	-
Opening Funds	13	(534,903)	(534,903)	(4,428,425)	3,893,522	200%
<b>CLOSING FUNDS</b>	14	<b>(150,385)</b>	<b>(104,192,527)</b>	<b>(107,763,499)</b>	<b>3,570,973</b>	<b>3%</b>

# INVESTMENT SUMMARY

August-18



Municipal Funds	\$94,314,856
Reserve Funds	\$73,865,144
	<b>\$168,180,000</b>

Investment Policy Limits					
	LT Rating	Limit		LT Rating	Limit
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 31 AUGUST 2018 (Subject to finalisation of 2017-18 End of Year)**

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

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

**2. Interest Earnings \$52,286**

A favourable timing variance arose for Interest from Investments \$75,751 partially offset by an unfavourable timing variance for Interest on Instalments (\$24,592).

**3. Other Revenue / Income \$116,589**

This favourable variance arose predominantly from unbudgeted rebates received from LGIS \$116,261 representing the City's share of rebates provided to LGIS scheme members.

**4. Employee Costs \$385,158**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$10,907,313	\$10,500,723	\$406,590
b) Other Employment Costs	\$866,003	\$887,435	(\$21,432)
	<u>\$11,773,316</u>	<u>\$11,388,158</u>	<u>\$385,158</u>

a) A favourable variance arose for Salaries and Wages in various areas, including Parks \$140,203 and Planning Approvals \$84,753 mainly due to vacant positions. The balances of variances are spread across a number of areas.

b) Variances are spread across a number of areas.

**5. Materials and Contracts \$602,577**

	YTD Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$559,390	\$431,915	\$127,475
b) Public Relations, Advertising & Promotions	\$212,556	\$80,631	\$131,925
c) Computing	\$418,130	\$623,531	(\$205,401)

Favourable Variance
Unfavourable Variance

d) Other Building Materials & Supplies	\$271,788	\$396,749	(\$124,961)
e) External Service Expenses	\$3,434,620	\$2,887,727	\$546,893
f) Administration	\$481,126	\$343,279	\$137,847
g) Furniture, Equipment	\$318,890	\$430,268	(\$111,378)
h) Telephones and Communication	\$193,262	\$140,407	\$52,855
Other Materials & Contracts	\$2,577,422	\$2,530,100	\$47,322
	<u>\$8,467,184</u>	<u>\$7,864,607</u>	<u>\$602,577</u>

- a) A favourable timing variance arose for Consultancy \$119,303, the balances of variances are spread across a number of areas.
- b) This favourable variance was predominantly due to Promotions \$57,876, General Advertising \$41,945 and Signage/Decals \$12,763.
- c) This includes unfavourable timing variances for Computer Software Maintenance (\$266,883) partially offset by a favourable timing variance for Computer Software Subscriptions \$36,960 and Computer Software Licences \$35,803.
- d) Unfavourable variances arose for External Material Purchases – Contract (\$170,397) partially offset by a favourable timing variance for Materials - Minor Building Works \$49,000.
- e) This favourable timing variance mainly arose from External Contractors and Services \$495,309 and Programme Activities \$23,586. The balances of variances are spread across a number of areas.
- f) This favourable timing variance arose predominantly from Sundry Administration Expenses \$98,438 and Printing \$34,930.
- g) Unfavourable variances arose for Plant & Equipment Purchase-Minor (\$106,875), due to the earlier delivery of the 360L Recycling Bins.
- h) Favourable timing variances arose for Postage, Courier & Freight Services \$40,528 and Office Telephones & Faxes \$14,837. The balances of variances are spread across other areas.

## 6. Utilities

**\$74,240**

Electricity costs are \$79,203 below budget which include favourable timing variances for Buildings \$79,623, due to delays in invoicing from the new energy provider for contestable sites.

## 7. Depreciation & Amortisation of Non-Current Assets

**\$88,614**

2017/18 asset values are being finalised as part of the end of year audit. The effect of this has not yet fully impacted upon the 2018/19 depreciation figures. Favourable variances arose for Depreciation – Open Reserves \$186,618 and Depreciation – Buildings \$22,979, partially offset by unfavourable variances for Depreciation – Mobile and Other Plant (\$48,369), Depreciation – Computer and Communications Hardware (\$20,474), Depreciation – Drainage Infrastructure (\$14,134) and Depreciation – Lighting (\$15,888). The balances of the variances are spread across a number of areas

Favourable Variance
Unfavourable Variance

**8. Movement in Non-Current Items (\$153,547)**

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

**9. Capital Grants and Subsidies \$193,743**

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$566,717	321,853	(\$244,864)
b) Street Lighting Program	\$2,000	\$101,250	\$99,250
c) Traffic Management Program	-	\$221,334	\$221,334
d) Major Roads Construction	-	\$113,023	\$113,023
Other Programs	-	\$5,000	\$5,000
	<u>\$568,717</u>	<u>\$762,460</u>	<u>\$193,743</u>

- a) This unfavourable timing variance predominantly arose from delay of State Government Ministerial approval of the Main Roads Rehabilitation Grant funding (\$245,622) which includes 11 projects including Davalia Road – Grandilla Street to Beach Road (\$64,000), Arnisdale Road – Glengarry Drive to Merrick Way (63,307), Gibson Avenue – Rudall Way (North) to Hepburn Avenue (\$43,067) and Joondalup Drive – City Boundary Westbound (\$30,987).
- 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 Ave / John Wilkie Tarn, \$78,667, and progress payments for 2017/18 projects Warwick Train Station, \$54,667, Marmion Ave / Burns Beach Rd, \$32,000. An unbudgeted amount of \$16,000 was received for Moore Drive / Marmion Ave due to additional grant funding received.
- d) A favourable timing variance arose from Major Road Improvement Grant for Whitfords Ave Median Upgrades which was anticipated to be received in 2017/18.

**10. Capital Projects \$209,465**

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 \$36,852 and Joondalup City Centre Commercial Office Development \$38,905 due to project progress.

Favourable Variance
Unfavourable Variance

**11. Capital Works****(\$1,542,635)**

	YTD Budget	YTD Actual	Variance
a) Street Lighting Program	\$514,500	\$1,496,314	(\$981,814)
b) Road Preservation/Resurfacing Program	\$267,733	\$537,410	(\$269,677)
c) Stormwater Drainage Program	\$14,000	\$190,397	(\$176,397)
d) Path Program	\$39,000	\$194,580	(\$155,580)
e) Major Buildings Capital Works Program	\$39,000	\$180,898	(\$141,898)
f) Traffic Management Program	\$137,840	\$194,009	(\$56,159)
g) Parks Equipment Program	\$76,500	\$114,007	(\$37,507)
h) Major Projects Program	\$245,721	\$112,520	\$133,201
i) Streetscape Enhancement Program	\$208,979	\$38,860	\$170,119
Other Programs	\$72,000	\$98,913	(\$26,913)
	<u>\$1,615,273</u>	<u>\$3,157,908</u>	<u>(\$1,542,635)</u>

- a) This unfavourable timing variance is due predominantly from Stage two Joondalup City Centre Lighting (\$978,223) which is a multiyear project and Whitfords Nodes Car Park (\$33,608), which is now complete.
- b) Unfavourable variance arose due to rehabilitation works progressing ahead of schedule including Cummings Way (\$108,627), Turberry Place and Green Close, (\$91,189) and Madena Place, (\$72,290).
- 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 variance across the Path Replacement Program which is progressing ahead of schedule with 14 (58%) projects complete, including Lilburne Road to Salata Place, (\$21,773), Wanbrow Way to Marri Park (\$14,137), Campbell Drive to Empen Way (\$14,047) and Ricketts Way to Reilly Way, (\$13,415).
- e) This unfavourable timing variance arose due to the construction of Mawson Park Toilets/ Changerooms, (\$135,919) progressing ahead of schedule and Sorrento Surf Life Savings Club Works, (\$31,410) which is complete.
- f) This unfavourable variance is mainly due to projects with funds brought forward for Local Traffic Management project Venturi Drive Median Treatment, (\$96,062). This is offset by a favourable variance for State Black Spot project Marmion Ave & Beach Road \$47,761.
- g) This unfavourable variance is a result of projects being funded from funds brought forward from the previous financial year including projects MacDonald Park, (\$30,574) and Tom Simpson Park Playspace Renewals. Both projects are now 100% complete.
- h) Favourable timing variance exist for works at Percy Doyle for the Tennis Clubrooms Refurbishment, \$78,475 which is 80% constructed and the Power Upgrade, \$65,600 which is 35% complete.

Favourable Variance
Unfavourable Variance

- 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. In addition, the Arterial Roads Streetscape Program \$10,323 for Hepburn & Marmion has commenced with \$206,619 commitments raised.

**12. Vehicle and Plant Replacements**
**\$116,095**

This favourable variance for Fleet and Plant purchases includes timing variances for three vans totally \$120,000 which are progressing behind budget phasing. Orders totalling \$524,456 have been placed and are scheduled for delivery in the coming months.

**13. 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.

**14. Closing Funds**
**\$3,570,973**

	<b>June 2018 *</b>	<b>August 2018</b>
<b>Current Assets</b>		
Cash and Investments	\$100,085,669	\$168,589,668
Rates Outstanding, Sundry Debtors and Other Receivables	\$3,026,090	\$57,172,198
Accrued Income	\$1,208,522	\$1,113,988
Prepayments	\$687,023	\$272,334
Inventories	\$188,284	\$174,440
<b>Total Current Assets</b>	<b>\$105,195,588</b>	<b>\$227,322,628</b>
<b>Current Liabilities</b>		
Trade Creditors	\$4,522,569	\$8,947,568
Sundry Payables	\$610,874	\$17,460,934
Accrued Expenses	\$5,116,012	\$4,431,082
Other Payables	\$2,305,685	-
Borrowings	\$3,201,862	\$3,001,058
Provision for Annual Leave	\$4,497,672	\$4,574,205
Provision for Long Service Leave	\$5,855,900	\$5,894,061
Provision for Workers Compensation Insurance	\$2,503,467	\$2,937,791
Provision for Sick Leave	\$1,006,450	\$967,979
Other Provisions	\$196,914	\$193,889
<b>Total Current Liabilities</b>	<b>\$29,817,405</b>	<b>\$48,408,567</b>
<b>Net Current Assets</b>	<b>\$75,378,183</b>	<b>\$178,914,061</b>

**Favourable Variance**
**Unfavourable Variance**

<b>Add back: Borrowings</b>	\$3,201,862	\$3,001,058
<b>Less: Cash Backed Reserves</b>	\$72,419,820	\$72,419,820
<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>\$107,763,499</b>

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