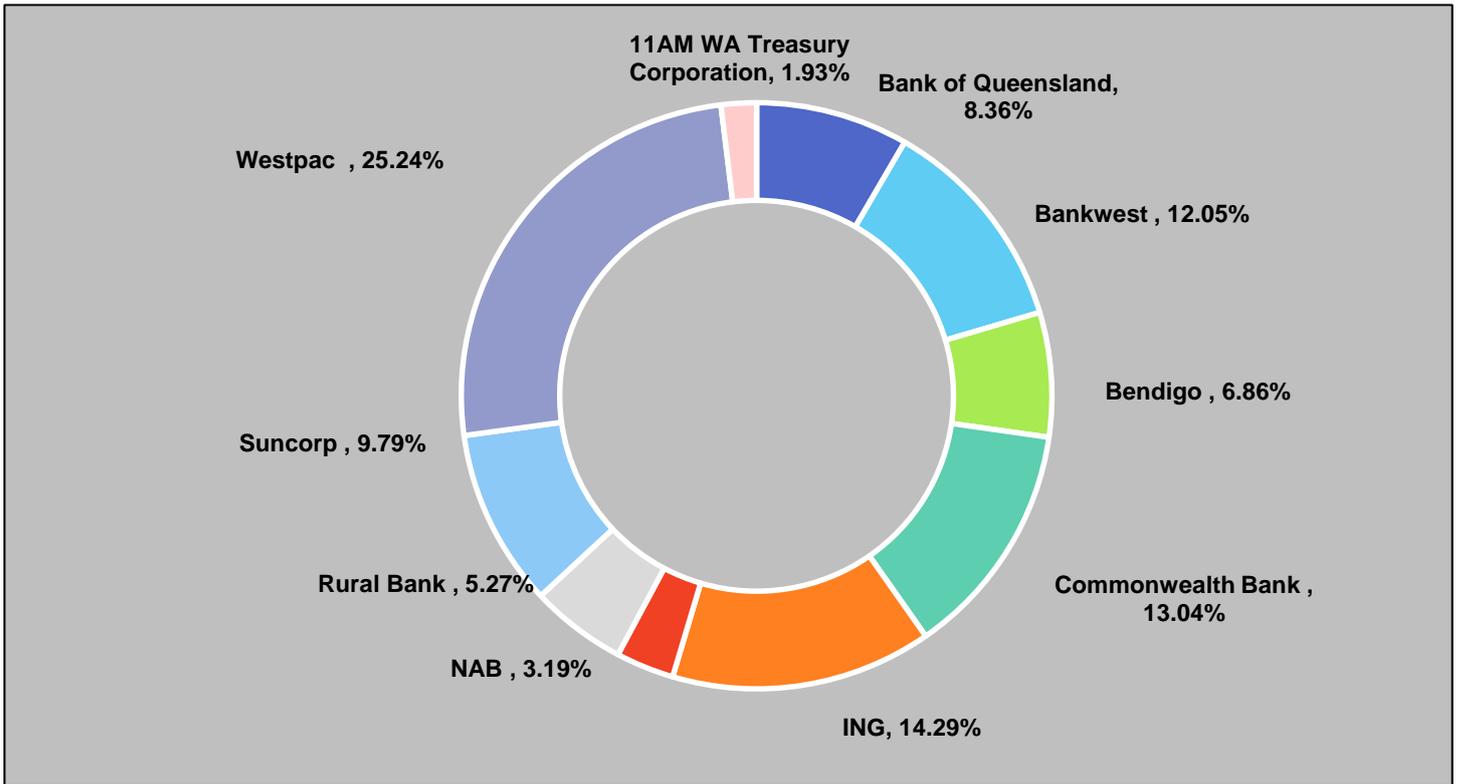


	Notes	Adopted Budget	YTD Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(100,296,743)	(100,341,743)	(100,097,583)	(244,160)	0%
Specified Area Rates		(561,099)	(561,099)	(561,098)	(1)	0%
Grants and Subsidies	2	(3,526,604)	(20,000)	(9,000)	(11,000)	(55)%
Contributions Reimbursements and Donations	3	(1,100,753)	(76,679)	(62,100)	(14,579)	(19)%
Profit on Asset Disposals		(41,225)	-	-	-	0%
Fees and Charges	4	(41,337,134)	(22,896,363)	(22,751,426)	(144,937)	(1)%
Interest Earnings	5	(3,446,921)	(255,707)	(219,637)	(36,070)	(14)%
Other Revenue/Income	6	(213,466)	(17,559)	(144,652)	127,093	200%
<b>Total Operating Revenue</b>		<b>(150,523,946)</b>	<b>(124,169,149)</b>	<b>(123,845,496)</b>	<b>(323,653)</b>	<b>-</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	7	65,529,623	6,147,237	5,889,165	258,072	4%
Materials and Contracts	8	52,554,318	4,207,624	3,343,333	864,291	21%
Utilities (gas, electricity, water etc.)		5,613,600	470,668	453,115	17,553	4%
Depreciation & Amortisation of Non-Current Assets	9	30,819,322	2,571,804	2,517,146	54,658	2%
Loss on Asset Disposals		212,295	-	-	-	0%
Interest Expenses		476,596	37,424	37,241	183	0%
Insurance Expenses		1,383,322	803,088	801,013	2,075	0%
<b>Total Operating Expenses</b>		<b>156,589,076</b>	<b>14,237,844</b>	<b>13,041,013</b>	<b>1,196,831</b>	<b>8%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>6,065,131</b>	<b>(109,931,305)</b>	<b>(110,804,483)</b>	<b>873,178</b>	<b>1%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(30,819,322)	(2,571,804)	(2,517,146)	(54,658)	(2)%
Loss on Asset Disposal		(212,295)	-	-	-	0%
Profit on Asset Disposals		41,225	-	-	-	0%
Other Non-Current items						
Movement in Non-current Items	10	(100,000)	(100,000)	6,629	(106,629)	107%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(25,025,262)</b>	<b>(112,603,109)</b>	<b>(113,315,000)</b>	<b>711,891</b>	<b>1%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	11	(8,904,948)	(298,207)	(101,250)	(196,957)	(66)%
Capital Contributions		(450,000)	-	-	-	0%
Equity Distribution - TPRC		(1,166,667)	-	-	-	0%
<b>Total Non-Operating Revenue</b>		<b>(10,521,615)</b>	<b>(298,207)</b>	<b>(101,250)</b>	<b>(196,957)</b>	<b>(66)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	12	7,961,809	211,192	58,479	152,713	72%
Capital Works	13	29,734,882	815,780	616,190	199,590	24%
Vehicle and Plant Replacements	14	2,574,000	200,000	228,071	(28,071)	(14)%
Loan Repayment Principal		3,201,862	200,806	200,806	-	0%
<b>Total Capital Expenditure</b>		<b>43,472,553</b>	<b>1,427,778</b>	<b>1,103,546</b>	<b>324,232</b>	<b>23%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>32,950,938</b>	<b>1,129,571</b>	<b>1,002,296</b>	<b>127,275</b>	<b>11%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>7,925,676</b>	<b>(111,473,538)</b>	<b>(112,312,704)</b>	<b>839,166</b>	<b>1%</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	15	(534,903)	(534,903)	(3,545,895)	3,010,992	200%
<b>CLOSING FUNDS</b>	16	<b>(150,385)</b>	<b>(112,008,441)</b>	<b>(115,858,599)</b>	<b>3,850,158</b>	<b>3%</b>

**INVESTMENT SUMMARY**

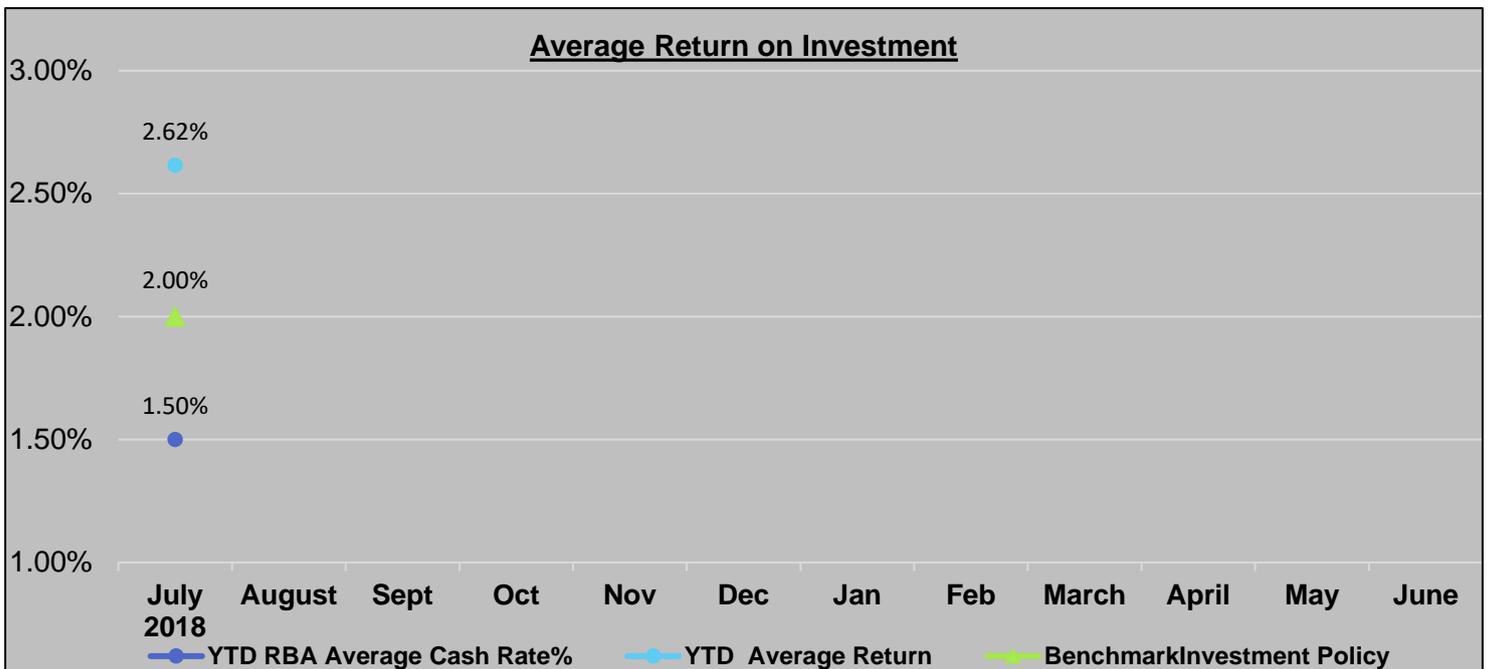
July-18



Municipal Funds	\$33,109,206
Reserve Funds	\$67,540,794
	<b>\$100,650,000</b>

<b><u>Investment Policy Limits</u></b>					
	<b><u>LT Rating</u></b>	<b><u>Limit</u></b>		<b><u>LT Rating</u></b>	<b><u>Limit</u></b>
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 JULY 2018 (Subject to finalisation of 2017-18 End of Year)**

**1. General Rates (\$244,160)**

This unfavourable timing variance mainly arose from lower than anticipated Interim Rates (\$250,000), due to budget phasing which has been corrected in the subsequent month.

**2. Grants and Subsidies (\$11,000)**

This unfavourable timing variance arose mainly from Clubs in Focus (\$20,000) partially offset by advance receipt of State grant funding for Be Connected \$6,000.

**3. Contributions, Reimbursements and Donations (\$14,579)**

This unfavourable timing variance arose mainly from contributions for Utility Charges (\$53,077), partially offset by a favourable timing variance Other Miscellaneous Charges \$34,059. The balances of variances are spread across other areas.

**4. Fees and Charges (\$144,937)**

Unfavourable timing variances arose for Domestic Refuse Removal Charges (\$90,535), Other Fees and Charges (\$40,501), Fines and Penalties (\$17,354) and Parking Fees (\$15,457), partially offset by a favourable timing variance for Sports and Recreation Fees \$28,294. The balances of variances are spread across a number of areas.

**5. Interest Earnings (\$36,070)**

An unfavourable timing variance arose from Interest on Instalments (\$30,000). In addition, an unfavourable variance arose from Interest on Investments (\$6,000).

**6. Other Revenue / Income \$127,093**

This favourable timing variance arose predominantly from unbudgeted rebates received from LGIS \$116,261 mainly in relation to contributions credits for first instalment payments representing the City's share of rebates provided to scheme members. In addition, a favourable timing variance arose for Adshell Advertising \$11,897.

Favourable Variance
Unfavourable Variance

**7. Employee Costs \$258,072**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$5,352,082	\$5,109,644	\$242,438
b) Other Employment Costs	\$795,155	\$779,521	\$15,634
	\$6,147,237	\$5,889,165	\$258,072

a) A favourable variance arose for Salaries and Wages for Lighting \$131,025, Parks \$64,018 and Library Operations \$47,101 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.

**8. Materials and Contracts \$864,291**

	YTD Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$415,350	\$332,730	\$82,620
b) Public Relations, Advertising & Promotions	\$95,897	\$35,622	\$60,275
c) Computing	\$298,878	\$190,717	\$108,161
d) Other Building Materials & Supplies	\$85,792	\$153,964	(\$68,172)
e) External Service Expenses	\$1,564,970	\$1,036,110	\$528,860
f) Waste Management Services	\$552,407	\$643,268	(\$90,861)
g) Administration	\$311,264	\$240,265	\$70,999
h) Other Materials & Contracts	\$883,066	\$711,657	\$171,409
	\$4,207,624	\$3,343,333	\$864,291

a) A favourable timing variance arose for Consultancy \$77,496, the balances of variances are spread across a number of areas.

b) This favourable variance was predominantly due to Promotions \$26,267, General Advertising \$22,636 and Catering \$6,384.

c) This includes favourable timing variances for Computer Software Maintenance \$49,899, Computer Software Licences \$46,987 and Computer Software Subscriptions \$26,689, partially offset by an unfavourable timing variance for Computer Software Purchases (\$20,867).

d) Unfavourable variances arose for External Material Purchases – Contract (\$67,922) and Trading Stock (\$21,176), partially offset by a favourable timing variance for Materials - Minor Building Works \$24,500.

e) This favourable timing variance mainly arose from External Contractors and Services \$410,478, Tipping Fees – General Waste \$87,967 and Programme Activities \$21,087. The balances of variances are spread across a number of areas.

Favourable Variance
Unfavourable Variance

- f) This unfavourable timing variance arose from Recycling Collection and Processing (\$69,546), General Waste Collection (\$55,472), and Bulk Greens Collection and Processing (\$5,681). This is partially offset by favourable timing variances for Bulk Hard Waste Collection and Processing \$20,388 and Weekend Greens \$19,450.
- g) This favourable timing variance arose predominantly from Sundry Administration Expenses \$53,922 and Printing \$34,884, partially offset by an unfavourable timing variance for Corporate Membership Expenses (\$18,329).
- h) Favourable timing variances arose across a number of programs including: Travel, Vehicles and Plant \$45,438; Furniture, Equipment and Artworks \$44,944; Contributions and Donations \$39,405; Telephones and Communications \$26,768; Charges and Recoveries \$18,252; and Books and Publications \$15,592.

**9. Depreciation & Amortisation of Non-Current Assets \$54,658**

2017/18 asset values are being finalised as part of the end of year audit. The effect of this has not yet impacted upon the 2018/19 depreciation figures. Favourable variances arose for Depreciation – Open Reserves \$101,973 and Depreciation – Buildings \$11,479, partially offset by unfavourable variances for Depreciation – Mobile and Other Plant (\$24,185), Depreciation – Computer and Communications Hardware (\$10,237), Depreciation – Drainage Infrastructure (\$7,067) and Depreciation – Lighting (\$7,011). The balances of the variances are spread across a number of areas

**10. Movement in Non-Current Items (\$106,629)**

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

**11. Capital Grants and Subsidies (\$196,957)**

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$297,707	-	(\$297,707)
b) Street Lighting Program	\$500	\$101,250	\$100,750
	<u>\$298,207</u>	<u>\$101,250</u>	<u>(\$196,957)</u>

- a) This unfavourable timing variance predominantly arose from delay of State Government Ministerial approval of the Main Roads Rehabilitation Grant funding 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).

Favourable Variance
Unfavourable Variance

- 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.

## 12. Capital Projects

**\$152,713**

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 review. Favourable timing variances also arose from Cafes / Restaurants / Kiosk \$19,220 and Joondalup City Centre Commercial Office Development \$18,560 due to projects progress.

## 13. Capital Works

**\$199,590**

	YTD Budget	YTD Actual	Variance
a) Major Building Capital Works	\$2,000	\$58,623	(\$56,623)
b) Streetscape Enhancement Program	\$188,979	\$19,692	\$169,287
c) Blackspot Projects Program	\$53,380	\$2,598	\$50,782
Other Programs	\$571,421	\$535,277	\$36,144
	<u>\$815,780</u>	<u>\$616,190</u>	<u>\$199,590</u>

- a) This unfavourable timing variance arose mainly from Mawson Park Toilets / Changerooms Refurbishment (\$45,918) which is 40% complete and for concrete works at the Works Operations Centre (\$12,005) commenced in June 2018.
- b) This favourable timing variance arose predominantly due to the Streetscape Renewal Program \$153,200 for Warwick Road which is experiencing delays with construction now programmed for May to June 2019. In addition, the Arterial Roads Streetscape Program \$11,890 for Hepburn & Marmion has commenced with \$220,778 commitments raised.
- c) Favourable variance is mainly due to right turn pocket extension on Marmion Avenue and Burns Beach Road \$50,000 which is complete ahead of forecast and under budget.

## 14. Vehicle and Plant Replacements

**(\$28,071)**

An unfavourable timing variance arose from the purchase of a water truck (\$167,420) carried forward from the previous financial year. This is partially offset by a favourable timing variance for three vans with a combined value of \$120,000 which are progressing behind budget and a favourable variance of \$18,054 arising from purchase of another van under budget. Orders totalling \$30,465 are awaiting delivery.

Favourable Variance
Unfavourable Variance

**15. Opening Funds****\$3,010,992**

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

**16. Closing Funds****\$3,850,158**

	June 2018 *	July 2018
<b>Current Assets</b>		
Cash and Investments	\$99,939,111	\$101,231,093
Rates Outstanding, Sundry Debtors and Other Receivables	\$3,044,186	\$134,680,730
Accrued Income	\$1,208,522	\$1,047,558
Prepayments	\$687,024	\$271,541
Inventories	\$188,284	\$183,166
<b>Total Current Assets</b>	<b>\$105,067,127</b>	<b>\$237,414,088</b>
<b>Current Liabilities</b>		
Trade Creditors	\$4,522,569	\$743,707
Sundry Payables	\$610,874	\$26,688,031
Accrued Expenses	\$5,116,012	\$3,349,663
Other Payables	\$2,305,685	2,305,685
Borrowings	\$3,201,863	\$3,001,058
Provision for Annual Leave	\$4,497,672	\$4,492,354
Provision for Long Service Leave	\$5,855,900	\$5,829,363
Provision for Workers Compensation Insurance	\$2,500,831	\$2,935,155
Provision for Sick Leave	\$1,006,450	\$978,900
Other Provisions	\$196,914	\$195,479
<b>Total Current Liabilities</b>	<b>\$29,817,406</b>	<b>\$50,519,393</b>
<b>Net Current Assets</b>	<b>\$75,249,721</b>	<b>\$186,894,696</b>
<b>Add back: Borrowings</b>	\$3,201,863	\$3,001,058
<b>Less: Cash Backed Reserves</b>	\$74,101,386	\$74,101,386
<b>Less: Other Items (subject to finalisation of 2017-18 end of year)</b>	\$804,303	\$64,231
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$3,545,895</b>	<b>\$115,858,599</b>

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

Favourable Variance
Unfavourable Variance