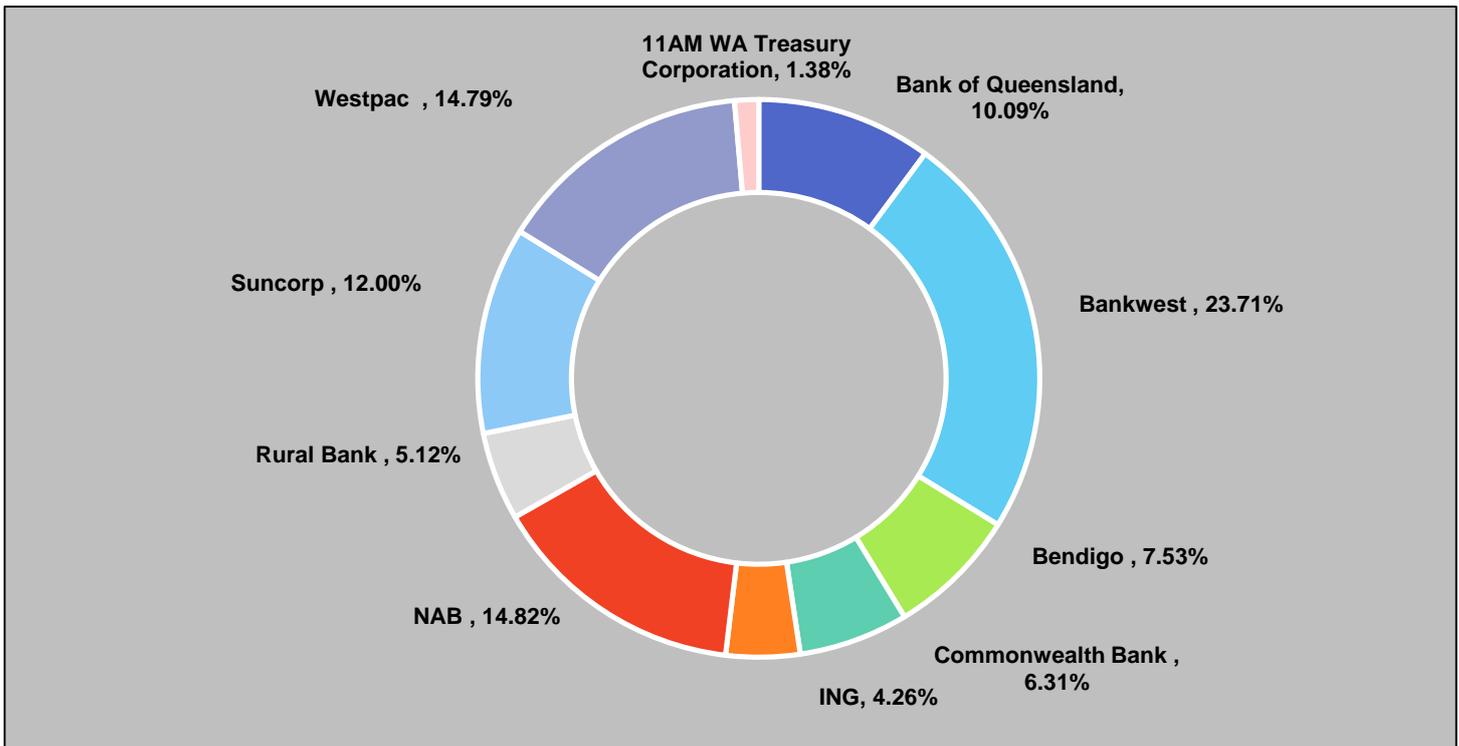


	Notes	Adopted Budget	YTD Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(100,296,743)	(100,296,743)	(100,423,766)	127,023	0%
Specified Area Rates		(561,099)	(561,099)	(568,048)	6,949	0%
Grants and Subsidies	2	(3,526,604)	(853,237)	(480,758)	(372,479)	(44)%
Contributions Reimbursements and Donations		(1,100,753)	(307,776)	(318,816)	11,040	4%
Profit on Asset Disposals	3	(41,225)	-	(233,329)	233,329	100%
Fees and Charges	4	(41,337,134)	(28,586,156)	(28,657,880)	71,724	0%
Interest Earnings	5	(3,446,921)	(1,461,688)	(1,819,807)	358,119	25%
Other Revenue/Income	6	(213,466)	(70,235)	(786,834)	716,599	100%
Total Operating Revenue		(150,523,946)	(132,136,934)	(133,289,238)	1,152,304	0%
OPERATING EXPENSES						
Employee Costs	7	65,529,623	23,251,933	22,296,193	955,740	4%
Materials and Contracts	8	52,554,318	17,600,450	16,428,278	1,172,172	7%
Utilities (gas, electricity, water etc.)		5,613,600	1,794,626	1,843,404	(48,778)	(3)%
Depreciation & Amortisation of Non-Current Assets	9	30,819,322	10,281,812	10,065,975	215,837	2%
Loss on Asset Disposals	10	212,295	-	160,196	(160,196)	(70)%
Interest Expenses		476,596	144,713	144,391	322	0%
Insurance Expenses		1,383,322	1,377,703	1,388,127	(10,424)	(1)%
Total Operating Expenses		156,589,076	54,451,238	52,326,564	2,124,674	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		6,065,131	(77,685,696)	(80,962,674)	3,276,978	4%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(30,819,322)	(10,281,812)	(10,065,975)	(215,837)	(2)%
Loss on Asset Disposal		(212,295)	-	(160,196)	160,196	100%
Profit on Asset Disposals		41,225	-	233,329	(233,329)	100%
Other Non-Current items						
Movement in Non-current Items	11	(100,000)	(100,000)	123,188	(223,188)	223%
OPERATING CASH (SURPLUS)/DEFICIT		(25,025,262)	(88,067,508)	(90,832,328)	2,764,820	3%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	12	(8,904,948)	(1,176,888)	(1,743,843)	566,955	48%
Capital Contributions	13	(450,000)	-	(40,139)	40,139	100%
Total Non-Operating Revenue		(10,521,615)	(1,176,888)	(1,783,982)	607,094	52%
CAPITAL EXPENDITURE						
Capital Projects	14	7,961,809	841,120	473,216	367,904	44%
Capital Works	15	29,734,882	3,838,820	6,632,693	(2,793,873)	(73)%
Vehicle and Plant Replacements	16	2,574,000	365,000	517,935	(152,935)	(42)%
Loan Repayment Principal		3,201,862	991,518	991,518	-	0%
Total Capital Expenditure		43,472,553	6,036,458	8,615,362	(2,578,904)	(43)%
CAPITAL (SURPLUS)/DEFICIT		32,950,938	4,859,570	6,831,380	(1,971,810)	(41)%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		7,925,676	(83,207,938)	(84,000,948)	793,010	1%
FUNDING						
Proceeds from Disposal	17	(1,969,790)	-	(389,770)	389,770	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	18	(534,903)	(534,903)	(4,428,425)	3,893,522	100%
CLOSING FUNDS	19	(150,385)	(83,742,841)	(88,819,143)	5,076,301	6%

INVESTMENT SUMMARY

October-18

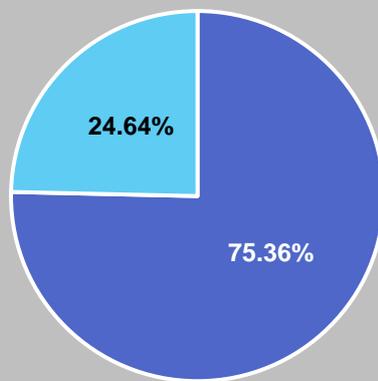


Municipal Funds	\$93,062,450	YTD Return	2.67%
Reserve Funds	\$73,632,550	Benchmark	2.00%
	<u>\$166,695,000</u>	RBA Rate	1.50%

<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

Fossil Fuel Vs Non Fossil Fuel Investment *



■ Fossil Fuel ■ Non Fossil Fuel

*Based on Market Forces ratings (<http://marketforces.org.au/>)

NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE PERIOD ENDED 31 OCTOBER

1. Rates \$127,023

Rates income is higher than budget predominantly arising from higher interim rates levied than estimated year to date. Necessary adjustments will be effected in the Mid Year Review.

2. Grants and Subsidies (\$372,479)

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.

3. Profit on Asset Disposals \$233,329

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 \$184,616 and disposal of replaced Vehicles, Plant and Equipment \$48,713.

4. Fees and Charges \$71,724

	YTD Budget	YTD Actual	Variance
a) Refuse Charges	\$20,571,985	\$20,501,938	(\$70,047)
b) Building & Development Fees	\$638,333	\$730,338	\$92,005
c) Sports & Recreation Fees	\$3,185,650	\$3,255,424	\$69,774
d) Inspection & Control Fees	\$905,499	\$953,296	\$47,797
e) Fines & Penalties	\$557,570	\$496,123	(\$61,447)
Other Fees & Charges	\$2,727,119	\$2,720,761	(\$6,358)
	<u>\$28,586,156</u>	<u>\$28,657,880</u>	<u>\$71,724</u>

a) An unfavourable timing variance predominantly arising from Domestic Refuse Removal Charges (\$71,050).

b) This favourable variance mainly arose from Development Application Fees \$95,629.

c) A favourable variance mainly arising from Membership Fees \$71,617.

d) This favourable timing variance predominantly arose from Inspection Fees \$51,475.

e) An unfavourable variance arose from Parking Infringements (\$77,479) partially offset by a favourable variance for Dog Act Costs and Fines \$15,909.

Favourable Variance

Unfavourable Variance

5. Interest Earnings \$358,119

Favourable timing variances arose from Interest from Investments \$367,213 and Penalty Interest \$11,154 partially offset by an unfavourable timing variance for Interest on Instalments (\$24,772).

6. Other Revenue / Income \$716,599

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 (Beaumaris Beach Estate) and unbudgeted rebates received from LGIS \$211,319 representing the City's share of rebates provided to LGIS scheme members.

7. Employee Costs \$955,740

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$21,394,506	\$20,383,905	\$1,010,601
b) Other Employment Costs	\$1,857,427	\$1,912,288	(\$54,861)
	<u>\$23,251,933</u>	<u>\$22,296,193</u>	<u>\$955,740</u>

f) A favourable variance arose for Salaries and Wages in various areas, including Parks \$272,466, Planning Approvals \$139,000, CEO Administration \$134,139 and Building Services \$87,563 mainly due to vacant positions. The balances of variances are spread across a number of areas.

g) Favourable variances arose for Labour Recovery - Capital Works \$72,632 and Other Employment Costs \$53,054, partially offset by an unfavourable variance for Agency Employees (\$180,548) covering vacant positions.

8. Materials and Contracts \$1,172,172

	YTD Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$935,919	\$1,017,931	(\$82,013)
b) Public Relations, Advertising & Promotions	\$457,034	\$244,283	\$212,751
c) Computing	\$1,020,487	\$903,457	\$117,030
d) Other Building Materials & Supplies	\$664,008	\$802,447	(\$138,439)
e) External Service Expenses	\$7,538,369	\$6,844,555	\$693,814
f) Telephones and Communication	\$352,771	\$295,870	\$56,901
g) Contributions & Donations	\$693,414	\$891,284	(\$197,870)
h) Furniture, Equipment & Artworks	\$751,458	\$621,536	\$129,922
i) Charges & Recoveries	(\$62,527)	(\$162,837)	\$100,310
j) Administration	\$751,442	\$494,064	\$257,378
k) Travel, Vehicles & Plant	\$561,120	\$649,910	(\$88,790)
l) Other Materials & Contracts	\$3,936,955	\$3,825,778	\$111,177
	<u>\$17,600,450</u>	<u>\$16,428,278</u>	<u>\$1,172,172</u>

Favourable Variance
Unfavourable Variance

- a) Unfavourable timing variances arose for Consultancy (\$50,406) and Recoverable Legal Expenses (\$39,785), the balances of variances are spread across a number of areas.
- b) This favourable variance was predominantly due to Promotions \$79,176, General Advertising \$67,933 and Catering \$20,794, the balances of variances are spread across a number of areas.
- c) This includes favourable timing variances for Computer Software Subscriptions \$56,170 and Computer Software Licences \$43,090.
- d) An unfavourable timing variance arose predominantly from External Material Purchases – Contract (\$209,786) partially offset by a favourable timing variance for Materials - Minor Building Works \$75,581.
- e) This favourable timing variance mainly arose from External Contractors and Services \$755,743 of which \$226,467 relates to Yellagonga Wetlands – Smart Monitoring and Management program and Programme Activities \$51,792, partially offset by an unfavourable timing variance for General Waste Tipping Fees (\$173,664). The balances of variances are spread across a number of areas.
- f) This favourable timing variance arose predominantly from Postage, Courier and Freight Services \$45,585 and After Hours Emergency Telephone Service \$6,394.
- g) This unfavourable timing variance mainly arose from Sponsorship (\$234,848) of which (\$216,667) relates to Kaleidoscope, partially offset by favourable timing variances for Community Funding Program \$22,662 and Prizes and Trophies \$22,386.
- h) Favourable timing variances arose mainly from Computer and Communications Equipment Purchases – Minor \$96,196, Plant and Equipment Purchases – Minor \$35,912, and Plant and Equipment Maintenance and Repair \$17,130, partially offset by an unfavourable variance for Computer and Communications Equipment Maintenance and Repair (\$34,836).
- i) This favourable timing variance arose predominantly from operational Overhead Recoveries \$71,351. The balances of variances are spread across a number of areas.
- j) Favourable timing variances arose mainly from Other Sundry Administration Expenses \$185,987 and Printing \$49,962. The balances of variances are spread across a number of areas.
- k) This unfavourable timing variance arose mainly from Parts and Repairs (\$63,301), Fuel (\$20,750) and Vehicle Servicing Costs (\$10,471).
- l) Favourable variances arose predominantly from Accommodation and Property \$45,582, Members Costs \$30,309 and Waste Management Services \$20,792.

9. Depreciation & Amortisation of Non-Current Assets

\$215,837

Depreciation variances arose due to revaluation and asset capitalisation at 30 June 2018. Favourable variances arose for Depreciation – Open Reserves \$377,380 and Depreciation – Buildings \$59,786, partially offset by unfavourable variances for Depreciation – Computer and Communications Hardware (\$91,598), Depreciation –

Favourable Variance
Unfavourable Variance

Mobile and Other Plant (\$78,490) and Depreciation – Lighting (\$29,835). The balances of the variances are spread across a number of areas. Amendments to depreciation budgets will be effected in the Mid Year Budget Review.

10. Loss on Asset Disposals

(\$160,196)

This unfavourable timing variance arose in respect of the disposal of Fleet and Plant Assets (\$160,196).

11. Movement in Non-Current Items

(\$223,188)

This timing variance arose in respect of a decrease in Non-current Long Service Leave Liability, reflecting movements for the year to date.

12. Capital Grants and Subsidies

\$566,955

	YTD Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$874,450	\$1,119,712	\$245,262
b) Street Lighting Program	\$5,000	\$212,529	\$207,529
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>\$1,176,888</u>	<u>\$1,743,843</u>	<u>\$566,955</u>

a) This favourable variance is mainly due to \$192,419 additional Direct Grant funding received which has been allocated to Ripley Way \$130,009, Kebroyd Way \$3,152 and Parnell Avenue – Seacrest Drive to Martin Drive \$40,000. In addition, favourable timing variances arose due to Federal Local Road funding received for Road Preservation Program – Asphalt Overlay \$59,182, Davalia Road - Granadilla Street to Beach Road \$50,000 and Blackall Drive – Allenswood Road to Hartley Court \$50,600. This is partially offset by unfavourable timing variances for Cummings Way (\$127,000) and Road Preservation Program – Crack Sealing (\$83,000) due to advanced receipt of funding for these projects in the previous financial year. Budgets in both cases will be adjusted at the Mid Year Budget Review.

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. In addition, a favourable timing variance arose from receipt of the final grant payment for Warrandyte Park Floodlighting Upgrade \$111,279 completed in 2017/18.

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 grant funding received.

Favourable Variance

Unfavourable Variance

- 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

\$40,139

This favourable variance arose from unbudgeted contributions received for refurbishment of the clubrooms at Windermere Park \$22,727 and for replacement of the floor tiles in the tennis change rooms at Percy Doyle Reserve \$9,957. In addition, unbudgeted rebates of \$7,455 were received for renewable energy appliances installed during upgrade of Penistone Park.

14. Capital Projects

\$367,904

	YTD Budget	YTD Actual	Variance
a) Yellagonga Wetlands -Smart Monitoring and Management	\$110,795	-	\$110,795
b) Joondalup City Centre Commercial Office Development	\$164,967	\$60,951	\$104,016
c) Cafes / Restaurants / Kiosks	\$117,500	\$43,436	\$74,064
d) Better Bins Project	-	\$184,992	(\$184,992)
e) Information Technology Projects	\$177,000	\$0	\$177,000
Other Programs	\$210,858	\$183,837	\$27,021
	<u>\$841,120</u>	<u>\$473,216</u>	<u>\$367,904</u>

- a) Favourable timing variance due to re-scheduling of Federal Government funding for this project, phasing for which will be adjusted at Mid-Year Budget Review.
- b) Favourable timing variance due to project progress which is awaiting recommendations arising from the Order of Magnitude Business Case currently being prepared by consultant NS Advisory.
- c) This favourable timing variance arose mainly from Burns Beach Café / Restaurant which will soon enter design phase following finalisation of the tender process, with expenditure on this project expected to increase in coming months.
- d) This unfavourable timing variance is a result of this project progressing ahead of schedule in preparation for roll out in January to May 2019.
- e) Favourable timing variances arose for IT Disaster Recovery Facilities \$113,000 and Network Infrastructure Upgrade Program \$64,000 due to projects progress.

Favourable Variance
Unfavourable Variance

15. Capital Works (\$2,793,873)

	YTD Budget	YTD Actual	Variance
a) Street Lighting Program	\$556,000	\$2,283,503	(\$1,727,503)
b) Road Preservation/Resurfacing Program	\$1,312,000	\$1,546,787	(\$234,787)
c) Stormwater Drainage Program	\$27,250	\$285,225	(\$257,975)
d) Path Program	\$268,500	\$403,976	(\$135,476)
e) Major Buildings Capital Works Program	\$283,500	\$551,535	(\$268,035)
f) Parks Equipment Program	\$196,500	\$563,099	(\$366,599)
g) Major Projects Program	\$538,321	\$165,230	\$373,091
h) Streetscape Enhancement Program	\$254,979	\$184,603	\$70,376
i) Parks Development Program	\$67,000	\$248,947	(\$181,947)
j) Other Programs	\$334,770	\$399,788	(\$65,018)
	\$3,838,820	\$6,632,693	(\$2,793,873)

- a) This unfavourable timing variance is due predominantly from Stage 2 Joondalup City Centre Lighting (\$1,719,129) which is a multiyear project carried over from the previous year and Whitfords Nodes Car Park (\$33,608) which is now complete. This is partially offset by favourable timing variances for the Floodlight and Pole Replacement Program \$16,010 and Environmental Design Lighting \$10,000 due to project progress.
- b) Unfavourable timing variances arose from a number of projects across the program completed ahead of schedule including Zamia Place (\$66,945), Rosedene Way (\$37,724), Lobelia Street (\$32,347), Turnberry Place and Green Close (\$36,189) and the Road Preservation Program - Asphalt Overlay (\$32,104) to name a few. This is offset by a favourable variance for Davalia Road – Grandilla Street to Beach Street \$219,765 which is now complete awaiting final payment of invoices.
- c) This unfavourable variance is a result of projects being funded from funds brought forward from the previous financial year including Parin Pioneer Park Development (Blackthorn Park) (\$119,045) and Periwinkle Park (\$62,988) both of which are now 100% complete. In addition, an unfavourable timing variance arose for Timberlane Park Drainage Outlet Upgrades (\$66,934) which is progressing ahead of schedule.
- d) Unfavourable timing variances arose across the Path Replacement Program which is progressing ahead of schedule with 19 (79%) projects complete including Lakeside / Joondalup shared Path Renewals (\$97,856). In addition, an unfavourable variance arose for the New Bus Shelter Installation Program (\$50,000) 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 Air Conditioning Replacement Program (\$92,115), Mawson Park Toilets / Changerooms (\$78,278) and Sorrento Surf Life Savings Club Works (\$31,965) being completed ahead of schedule. The balances of variances are spread across a number of areas.

Favourable Variance
Unfavourable Variance

- f) Unfavourable timing variances arose across the program mainly due to Gascoyne Park (\$92,201), Wedgewood Park (\$70,478), Alfreton Park (\$49,466) and Tuart Park (\$45,185) Playspace Renewals which are all complete ahead of schedule. In addition, unfavourable variances arose for the Barbeque Renewal Program (\$38,661) and Disabled Facilities to Various Parks (\$32,228) due to project progress and 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 (\$37,607). Both of these projects are now complete.
- g) Favourable timing variances exist for works at Percy Doyle Reserve for the Tennis Clubrooms Refurbishment \$240,785 which is complete and the Power Upgrade \$131,200 which is 36% complete.
- h) This favourable timing variance arose predominantly due to the Streetscape Renewal Program \$146,529 for Warwick Road which is experiencing delays with construction now programmed for May to June 2019 and the Leafy City Program \$12,455 which has commenced. This is offset by an unfavourable timing variance for Arterial Roads Streetscape Upgrade Program (\$97,235) which is progressing ahead of schedule.
- i) Unfavourable timing variances mainly arose from Fairway / Carnaby Irrigation Consolidation (\$52,140), Adelaide Park Irrigation Renewals (\$32,270) and Albacore Park Irrigation Upgrade, (23,331) which are all completed ahead of schedule. In addition, the Tree Planting Program (\$26,956) and Prince Regent Park Irrigation Upgrade (\$46,497) are progressing ahead of schedule. The balances of variances are spread across a number of areas.
- j) Unfavourable timing variances arose from the Traffic Management Program (\$48,708), Foreshore and Natural Areas Management Program (\$13,431) and Parking Facilities Program (\$2,808) due to projects progress.

16. Vehicle and Plant Replacements

(\$152,935)

This unfavourable variance for Fleet and Plant purchases includes timing variances for four utility vehicles totalling (\$137,400) which are progressing ahead of budget phasing. Orders totalling \$657,162 have been placed and are scheduled for delivery in the coming months.

17. Proceeds from Disposal

\$389,770

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

18. Opening Funds

\$3,893,522

Variations in the actual results for 2017-18 compared to the budget estimate gave rise to a favourable variance of \$3,893,522 in opening funds. Adjustment to opening funds will be reflected in the Mid Year Budget Review.

Favourable Variance
Unfavourable Variance

19. Closing Funds**\$5,076,301**

	June 2018	October 2018
Current Assets		
Cash and Investments	\$100,085,669	\$166,714,580
Rates Outstanding, Sundry Debtors and Other Receivables	\$3,026,090	\$33,671,197
Accrued Income	\$1,208,522	\$1,331,563
Prepayments	\$687,023	\$268,969
Inventories	\$188,284	\$176,985
Total Current Assets	\$105,195,588	\$202,163,294
Current Liabilities		
Trade Creditors	\$4,522,569	\$1,415,393
Sundry Payables	\$610,874	\$17,379,022
Accrued Expenses	\$5,116,012	\$5,178,437
Other Payables	\$2,305,685	-
Borrowings	\$3,201,862	\$2,210,345
Provision for Annual Leave	\$4,497,672	\$4,565,960
Provision for Long Service Leave	\$5,855,900	\$5,995,787
Provision for Workers Compensation Insurance	\$2,503,467	\$3,499,925
Provision for Sick Leave	\$1,006,450	\$963,915
Other Provisions	\$196,914	\$194,092
Total Current Liabilities	\$29,817,405	\$41,402,876
Net Current Assets	\$75,378,183	\$160,760,418
Add back: Borrowings	\$3,201,862	\$2,210,345
Less: Cash Backed Reserves	\$74,151,620	\$74,151,620
Closing Funds – Surplus/(Deficit)	\$4,428,425	\$88,819,143

Favourable Variance

Unfavourable Variance