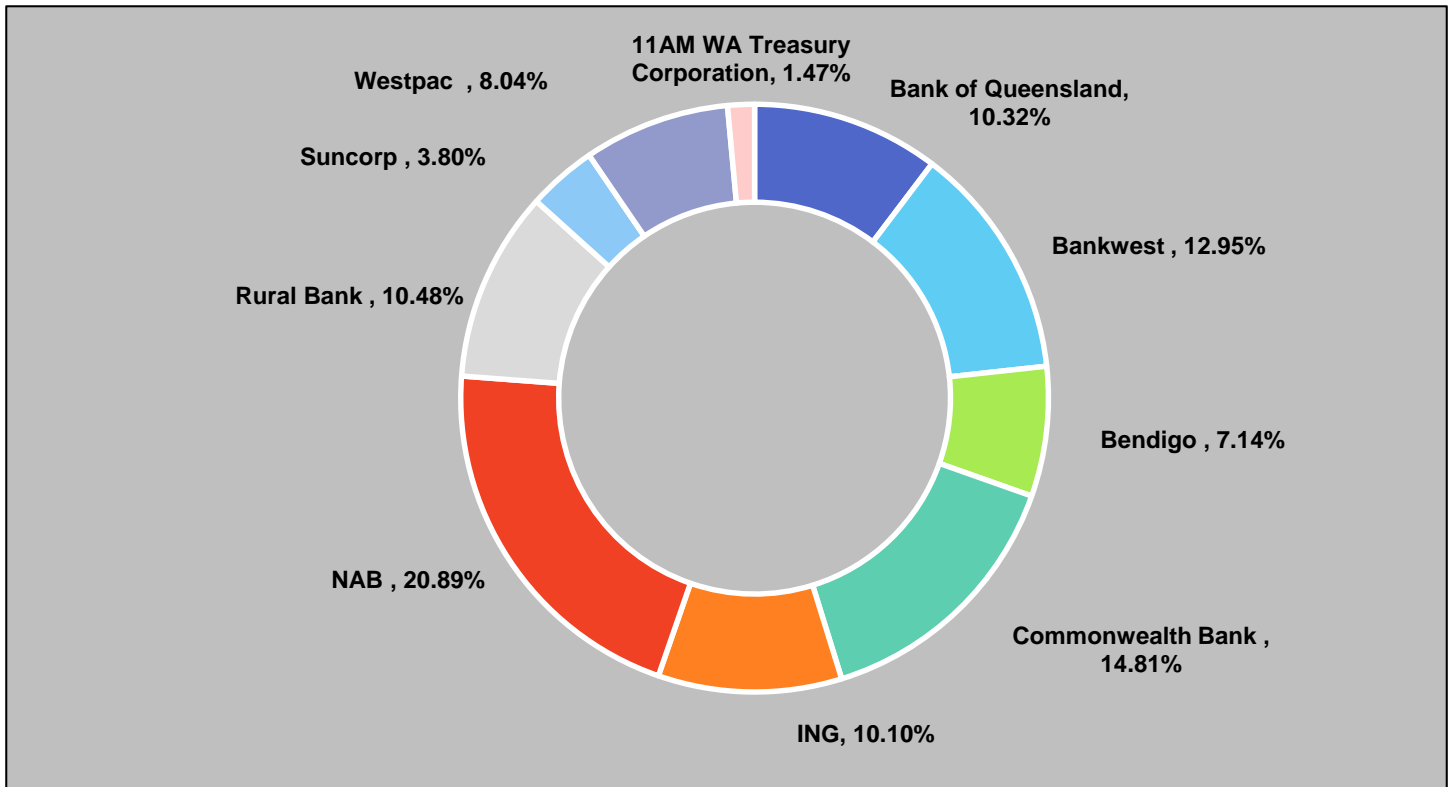


	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(96,884,799)	(96,864,799)	(96,952,930)	88,131	0%
Specified Area Rates		(597,621)	(597,621)	(599,586)	1,965	0%
Grants and Subsidies	2	(2,083,259)	(1,564,777)	(1,439,933)	(124,844)	(8)%
Contributions Reimbursements and Donations		(1,085,632)	(592,093)	(597,864)	5,771	1%
Profit on Asset Disposals	3	(691,995)	(558,893)	(1,329,689)	770,796	138%
Fees and Charges	4	(40,262,063)	(34,252,080)	(34,355,523)	103,443	0%
Interest Earnings		(3,856,764)	(2,968,534)	(2,999,637)	31,103	1%
Other Revenue/Income	5	(278,439)	(245,679)	(281,666)	35,987	15%
Total Operating Revenue		(145,740,570)	(137,644,474)	(138,556,828)	912,354	1%
OPERATING EXPENSES						
Employee Costs	6	64,598,024	43,627,874	42,596,034	1,031,840	2%
Materials and Contracts	7	52,073,899	32,038,033	30,501,968	1,536,065	5%
Utilities (gas, electricity, water etc.)	8	5,503,840	3,498,324	3,563,905	(65,581)	(2)%
Depreciation & Amortisation of Non-Current Assets	9	28,989,018	19,326,689	21,741,283	(2,414,594)	(12)%
Loss on Asset Disposals	10	588,418	307,732	232,929	74,803	24%
Interest Expenses		616,864	409,566	409,428	138	0%
Insurance Expenses		1,367,754	1,366,541	1,386,779	(20,238)	(1)%
Total Operating Expenses		153,737,818	100,574,760	100,432,326	142,434	0%
(SURPLUS)/DEFICIT FROM OPERATIONS		7,997,248	(37,069,715)	(38,124,502)	1,054,787	3%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(28,989,018)	(19,326,689)	(21,741,283)	2,414,594	12%
Loss on Asset Disposal		(588,418)	(307,732)	(232,929)	(74,803)	(24)%
Profit on Asset Disposals		691,995	558,893	1,329,689	(770,796)	(138)%
Other Non-Current items						
Movement in Non-current Items	11	(100,000)	(100,000)	(108,972)	8,972	9%
OPERATING CASH (SURPLUS)/DEFICIT		(20,988,193)	(56,245,243)	(58,877,997)	2,632,754	5%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	12	(10,086,036)	(7,083,350)	(5,391,910)	(1,691,440)	(24)%
Capital Contributions		(104,209)	(104,209)	(104,209)	-	-
Equity Distribution - TPRC		(500,000)	(333,667)	(333,333)	(334)	(0)%
Other Equity Movements		(52,334)	(52,334)	(52,334)	-	-
Total Non-Operating Revenue		(10,742,579)	(7,573,560)	(5,881,786)	(1,691,774)	(22)%
CAPITAL EXPENDITURE						
Capital Projects	13	3,540,556	1,597,964	1,877,875	(279,911)	(18)%
Capital Works	14	35,456,474	21,736,999	16,724,118	5,012,881	23%
Vehicle and Plant Replacements	15	3,338,641	1,221,891	1,490,948	(269,057)	(22)%
Loan Repayment Principal		3,084,740	1,726,027	1,726,027	-	-
Equity Investments		47,443	12,304	12,304	-	-
Total Capital Expenditure		45,467,854	26,295,185	21,831,273	4,463,913	17%
CAPITAL (SURPLUS)/DEFICIT		34,725,275	18,721,625	15,949,487	2,772,139	15%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		13,737,082	(37,523,618)	(42,928,510)	5,404,893	14%
FUNDING						
Proceeds from Disposal	16	(6,069,624)	(3,338,731)	(2,257,114)	(1,081,617)	(32)%
Loans - New Borrowings		-	-	-	-	-
Transfer from Trust		(201,498)	-	-	-	-
Transfer from Reserve		(17,449,871)	-	-	-	-
Transfer to Reserve		10,000,240	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds		(84,016)	(84,016)	(84,016)	-	-
CLOSING FUNDS	17	(67,689)	(40,946,365)	(45,269,640)	4,323,277	11%

INVESTMENT SUMMARY

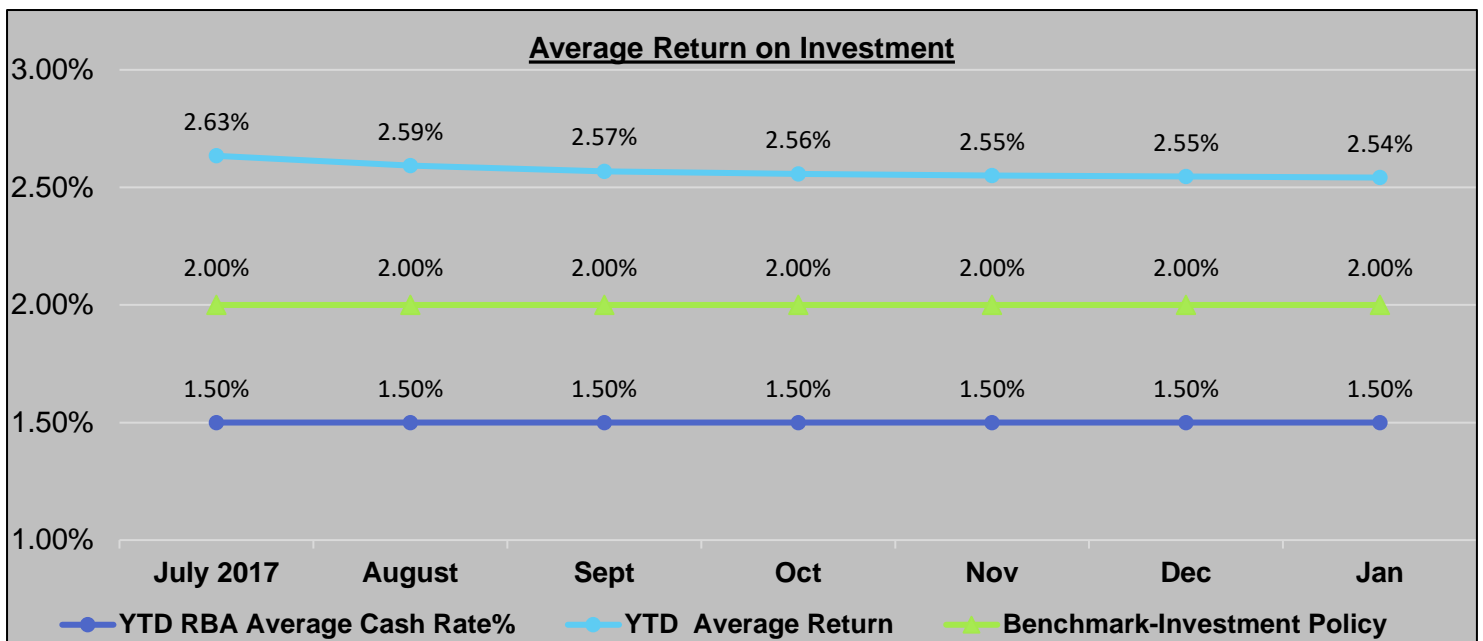
February-18



Municipal Funds	\$67,530,845
Reserve Funds	\$64,104,155
	\$131,635,000

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 28 FEBRUARY 2018

1. General Rates \$88,131

This favourable timing variance arose from Interim Rates \$80,187 and Ex-Gratia Rates \$7,944.

2. Grants and Subsidies (\$124,844)

This unfavourable timing variance arose mainly from the recently announced delay in Federal Government funding for Yellagonga Wetlands – Smart Monitoring and Management Program (\$186,242) now expected to be received in June 2018. This is partially offset by a favourable timing variance for Lottery West funding for the Joondalup Festival \$45,000 and unbudgeted funding received from the State Government for the Joondalup Festival \$15,000.

3. Profit on Asset Disposals \$770,796

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 \$738,601 and Vehicle and Plant disposals \$32,195.

4. Fees and Charges \$103,443

	YTD Revised Budget	YTD Actual	Variance
a) Refuse Charges	\$20,414,573	\$20,474,204	\$59,631
b) Sports and Recreation Fees	\$5,672,695	\$5,773,080	\$100,385
c) Other Fees and Charges	\$1,715,929	\$1,769,633	\$53,704
d) Building and Development Fees	\$1,274,621	\$1,222,880	(\$51,741)
e) Fines and Penalties	\$1,020,080	\$966,889	(\$53,191)
Other Fees	\$4,154,182	\$4,148,837	(\$5,345)
	<u>\$34,252,080</u>	<u>\$34,355,523</u>	<u>\$103,443</u>

a) A favourable timing variance arose for Domestic Refuse Removal Charges \$50,537 and New / Additional Bin Establishments \$9,094.

b) This favourable timing variance mainly arose for Membership Fees \$68,515 and Hire of Facilities \$49,425, partially offset by an unfavourable timing variance for the Learn to Swim Program (\$12,861). The balances of variances are spread across other areas.

c) This favourable timing variance is predominantly attributed to Engineering Supervision Fees \$56,485 due to an incorrect allocation of a receipt for Maintenance Bond \$43,450 which will be amended in March. The balances of variances are spread across a number of other areas.

Favourable Variance
Unfavourable Variance

- d) Unfavourable timing variances arose for Building Permits (\$32,931) and Other Building and Development Charges (\$31,403) partially offset by a favourable timing variance for Development Application Fees \$11,227.
- e) This unfavourable variance is predominantly attributed to lower than estimated volume of issued Parking Infringements (\$55,894) due to decreased availability of parking officers. The balances of variances are spread across a number of other areas.

5. Other Revenue / Income
\$35,987

This favourable variance arose mainly from unbudgeted Rebates Received from LGIS \$27,634 for Motor Vehicle claims. The balances of variances are spread across other areas.

6. Employee Costs
\$1,031,840

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$41,464,231	\$40,624,031	\$840,200
b) Other Employment Costs	\$2,163,643	\$1,972,003	\$191,640
	<u>\$43,627,874</u>	<u>\$42,596,034</u>	<u>\$1,031,840</u>

a) A favourable variance arose for Salaries and Wages for Parks \$346,320 mainly due to vacant positions. In addition, favourable timing variances arose for Provision for Employee Entitlements \$289,069 and Long Service Leave \$99,934. The balances of variances are spread across a number of areas.

b) This favourable timing variance mainly arose for Other Employee Costs \$73,642, Staff Training \$65,109, Conferences and Seminars \$20,260 and Staff Recruitment Costs \$18,310. The balances of variances are spread across other areas.

7. Materials and Contracts
\$1,536,065

	YTD Revised Budget	YTD Actual	Variance
a) Public Relations, Advertising & Promotions	\$792,500	\$632,217	\$160,283
b) Computing	\$1,347,019	\$1,237,588	\$109,431
c) Travel, Vehicles & Plant	\$1,176,185	\$1,113,819	\$62,366
d) Furniture, Equipment and Artworks	\$1,460,553	\$1,372,419	\$88,134
e) Waste Management Services	\$5,094,506	\$4,911,554	\$182,953
f) Other Materials	\$1,339,411	\$1,468,982	(\$129,571)
g) Administration	\$1,159,035	\$781,319	\$377,714
h) Professional Fees and Costs	\$1,651,258	\$1,255,259	\$395,999
i) Charges & Recoveries	(\$159,654)	(\$305,704)	\$146,051
j) Other Materials and Contracts	\$18,177,220	\$18,034,515	\$142,705
	<u>\$32,038,033</u>	<u>\$30,501,968</u>	<u>\$1,536,065</u>

Favourable Variance
Unfavourable Variance



- a) Favourable timing variances arose for Catering \$49,457, Signage \$32,131, General Advertising \$31,187, Bar Stocks \$24,373 and Promotions \$18,491.
- b) This favourable timing variance was predominantly due to Computer Software Licences \$42,096, Computer Software Maintenance \$27,960, Internet Provider Costs \$12,638, Computer Software Subscriptions \$12,376 and Data Communication Links \$11,852.
- c) Favourable timing variances arose for Fuel \$27,968 and Parts and Repairs \$23,093. The balances of variances are spread across other areas.
- d) Favourable timing variances arose for Plant and Equipment Purchases - Minor \$140,924, Plant and Equipment Maintenance and Repair \$14,148, Computer and Communications Equipment Maintenance \$13,183 and Furniture and Office Equipment Purchases – Minor \$11,561. This was partially offset by unfavourable timing variances for Hire of Equipment (\$51,256) and Computer and Communications Equipment Purchases (\$47,435).
- e) This favourable timing variance arose from Bulk Hard Waste Collection and Processing \$101,189, Greens Waste Collection and Processing \$44,182, Domestic Waste Collection \$25,679 and Recycling Waste Collection and Processing \$11,932, partially offset by an unfavourable variance for Weekend Greens (\$29).
- f) This unfavourable timing variance was predominantly due to External Material Purchases – Contract (\$127,833). The balances of variances are spread across other areas.
- g) Favourable timing variances arose for Council Election Costs \$165,822 due to a phasing error in the revised budget which will be corrected in March, Other Sundry Administration Expenses \$109,363, Printing \$47,366, Photography and Video Production \$25,934 and Interstate and Overseas Conferences \$15,000. The balances of variances are spread across a number of areas.
- h) This favourable timing variance arose predominantly from Consultancy \$395,436, Research \$25,000, Legal Expenses Recoverable \$9,688 and Licence Searches \$9,683, partially offset by an unfavourable timing variance for Legal Expenses (\$42,556).
- i) This favourable timing variance was mainly due to Overhead Recoveries \$122,611 and Vehicle Running Expenses \$32,152.
- j) Favourable timing variances arose for Telephones and Communications \$48,622, Members Costs \$42,900 and Accommodation and Property \$34,946. The balances of variances are spread across other areas.

8. Utilities

(\$65,581)

This unfavourable timing variance is predominantly due to Electricity costs for Parks (\$80,431). This is partially offset by favourable timing variances for Water \$13,497 and Gas \$3,536.

Favourable Variance
Unfavourable Variance

9. Depreciation & Amortisation of Non-Current Assets (\$2,414,594)

Unfavourable variances arose due to revaluation and asset capitalisation at 30 June 2017 for Depreciation – Buildings (\$1,025,396), Depreciation – Open Reserves (\$476,706), Depreciation – Drainage Infrastructure (\$243,964), Depreciation – Bridges, Overpass and Underpass Infrastructure (\$133,632), Depreciation – Computer and Communications Hardware (\$115,083) and Depreciation – Mobile and other Plant (\$117,975). This was partially offset by a favourable variance for Depreciation – Roads Infrastructure \$1,190,844 owing to downward valuations at 30 June 2017. In addition, Impairment costs arose due to revaluation and capitalisation of infrastructure assets at 22 December 2017 including Lighting (\$556,175), Parks (\$156,347), Pathways (\$101,414), Drainage (\$7,227) and in respect of impairment of existing structures in Lot 900 Marri Road (Duncraig Pre-school) (\$579,375) prior to disposal of the land asset. Impairment costs are expected to be offset against previous revaluation surpluses at year end. The balances of the variances are spread across a number of areas. Movements in depreciation are currently being reviewed.

10. Loss on Asset Disposals \$74,803

This favourable timing variance arose in respect of the disposal of Fleet and Plant assets \$153,285 partially offset by an unfavourable timing variance for the disposal of Land Parcels (\$78,483).

11. Movement in Non-current Items \$8,972

This timing variance arose in respect of Non-current Long Service Leave Liability movements of (\$8,972).

12. Capital Grants and Subsidies (\$1,691,440)

	YTD Revised Budget	YTD Actual	Variance
a) Major Road Construction Program	\$1,270,667	\$1,042,667	(\$228,000)
b) Blackspot Projects	\$825,318	\$176,625	(\$648,693)
c) Capital Projects	\$1,008,746	\$166,085	(\$842,661)
Other Programs	\$3,978,619	\$4,006,533	\$27,914
	<u>\$7,083,350</u>	<u>\$5,391,910</u>	<u>(\$1,691,440)</u>

a) An unfavourable timing variance arose for progress payment for Whitfords Avenue Upgrades \$228,000 which is now awaiting payment from Main Roads.

b) Unfavourable timing variance exist across the 2017/18 Program due to progress of works including Whitfords Avenue and John Wilkie Tarn Roundabout (\$157,333), Marmion Avenue and Ocean Reef Road (\$40,000) and Ocean Reef Road and Trappers Drive (\$40,000). First acquittal for projects including Hepburn Avenue Shoulders (\$112,000), Warwick Road and Allenswood Drive (\$48,000) and Marmion

Favourable Variance
Unfavourable Variance

Avenue and Gilbert Road (\$72,000) have been submitted to Main Roads and are awaiting payment of the grant. Hepburn Avenue / Glengarry Drive Roundabout Improvements (\$147,360) is awaiting Federal Government approval to a variation for the final expenditure before grant claims can be submitted and an unfavourable variance arose for Whitfords Avenue and Trappers Drive (\$32,000) completed under budget.

- c) Unfavourable timing variances have arisen for Ocean Reef Marina (\$500,000) due to the ongoing process to approve the required Memorandum of Understanding with LandCorp and Yellagonga Wetlands – Smart Monitoring and Management Program (\$342,662) due to the delay in Federal Government funding now expected to be received in June 2018.

13. Capital Projects

(\$279,911)

Unfavourable timing variances occurred for Pool Tiles Replacement Craigie Leisure Centre (\$331,911) and Public Area CCTV (\$126,080) with both projects completed ahead of schedule. This is partially offset by a favourable timing variance for Joondalup City Centre Commercial Office Development \$185,257 with proposals received currently being assessed. The balances of variances are spreads across a number of projects.

14. Capital Works

\$5,012,881

	YTD Revised Budget	YTD Actual	Variance
a) Parks Equipment Program	\$871,556	\$971,357	(\$99,801)
b) Major Projects Program	\$4,649,075	\$3,708,955	\$940,120
c) Streetscape Enhancement Program	\$934,129	\$873,708	\$60,421
d) Major Road Construction Program	\$777,996	\$834,315	(\$56,319)
e) Parks Development Program	\$1,285,468	\$1,207,109	\$78,359
f) Street Lighting Program	\$2,508,860	\$649,458	\$1,859,402
g) Blackspot Projects Program	\$1,626,635	\$706,121	\$920,514
h) Local Traffic Management Program	\$980,525	\$426,295	\$554,230
i) Stormwater Drainage Program	\$940,645	\$528,665	\$411,980
j) Major Building Capital Works	\$1,007,965	\$923,701	\$84,264
k) Road Preservation/Resurfacing Program	\$4,627,803	\$4,393,150	\$234,653
Other Programs	\$1,526,342	\$1,501,284	\$25,058
	<u>\$21,736,999</u>	<u>\$16,724,118</u>	<u>\$5,012,881</u>

- a) The unfavourable timing variance is mainly due to Poynter Park Playspace Renewal (\$60,852) and Wallangarra Park Playspace Renewal (\$49,453) which are both complete ahead of schedule, and Parks Asset Replacement (\$32,696) which is 95% complete. This is partially offset by a favourable timing variance for Granadilla Park Playspace Renewal \$35,199 which is 75% constructed.

Favourable Variance

Unfavourable Variance

- b) Favourable timing variance mainly due to Penistone Park – Facility Redevelopment \$648,516 which is 96% constructed. Percy Doyle – Power Upgrade \$251,584 is in progress however the detailed design for the sewer upgrade is on hold pending further information regarding the future plans for the Percy Doyle site. Craigie Leisure Centre Upgrades \$80,000 is progressing behind budget estimates. This is offset by an unfavourable timing variance for Joondalup Administration Building Major Refurbishment (\$77,173) with lift refurbishments in progress. The balances of variances are spread across a number of areas.
- c) Streetscape Enhancement favourable variance is mainly due to City Centre Streetscape Renewal Program \$60,000 which is in progress.
- d) An unfavourable timing variance arose for Whitfords Avenue Upgrades (\$84,519) which is 95% complete, offset by a favourable timing variance for Burns Beach Road / Joondalup Drive roundabout \$27,920 which is being developed in alliance with Main Roads WA.
- e) Timing variances occur across the program with 55% of the program completed. Favourable timing variances arose for Geddes Park Irrigation Upgrade \$41,947, Keppell Park Irrigation Upgrade \$24,415 and Callander Park Irrigation Upgrade \$13,758 which are progressing on schedule. Castlecrag Park Irrigation Upgrade \$31,941 and Macquire Park Irrigation Upgrade \$2,009 are complete under budget. This partially offset by an unfavourable timing variance for Tom Walker Park Irrigation Upgrade (\$43,388) which is progressing ahead of schedule.
- f) This favourable timing variance is mainly due to delays in the progression of Stage 2 of Joondalup City Centre Street Lighting \$1,545,230 due to assessments of cabling required before progressing the tender for this stage. In addition, favourable timing variances arose for Warrandyte Park Floodlighting Upgrade \$141,808 and Pinnaroo Point Car Park Lighting \$79,323 which has experienced delays whilst awaiting a decision on future café developments within the Car Park. The project will now proceed with the current scope.
- g) A number of favourable timing variances arose across the Blackspot program including Warwick Train Station Entrance \$332,404 which experienced design delays but is now in progress. Marmion Avenue and Gilbert Road \$162,000, and Warwick Road and Allenswood Drive \$108,000 were delayed pending funding approval which has now been awarded. These projects were initially one- year projects however funding has been awarded over two years with design occurring in the current year and construction in 2018/2019. Ocean Reef Road and Trappers Drive \$145,044 and Marmion Avenue and Ocean Reef Road \$142,834 are favourable timing variances with works currently in progress. Whitfords Avenue and Trappers Drive \$75,537 was completed under budget.
- h) Favourable timing variances arose for Whitfords Avenue Median Treatment \$314,070 which is 95% complete being constructed in conjunction with the Black Spot and Road Improvement Projects, Hereshoff Ramble Median Treatment \$122,425 with works being undertaken in conjunction with Road Resurfacing Project in April 2018 and Venturi Drive Median Treatment \$105,643 which is running behind schedule awaiting final design.

- i) Favourable timing variances arose for Parin Pioneer Park Development \$172,556, Nalpa Way Drainage Upgrades \$24,429 and Waterford / Tuxen Drainage Upgrade \$14,275 due to progress of designs, and for Sandpiper Street Sump Beautification \$73,318 and Oleaster Way Sump Beautifications \$68,592 with construction 40% and 95% completed respectively. In addition, favourable timing variances arose for Northshore Avenue Sump Renewal \$38,482 due to delays relating to site ownership queries and Periwinkle Park Catchment Upgrades \$20,000 which requires rescoping due to pre-existing drainage infrastructure being less than that accounted for in the original design.
- j) Favourable timing variances arose for Building Capital Works Various Locations \$52,934 and Hazardous Materials Management Program \$35,452 which are progressing. In addition a favourable timing variance arose for Woodvale Library Ceiling Installation \$49,645 which is complete awaiting final invoices. This is offset by unfavourable timing variances for Warrandyte Park Clubroom Refurbishment (\$25,915) which is complete ahead of schedule and Environmental Initiatives (\$22,390) which is 80% complete.
- k) Favourable timing variances arose across the program including Whitfords Avenue EB – Alexander Road to Gibson Avenue \$141,931, Main Roads WA Roads Rehabilitation (FLRG) Projects \$120,000, Tandina Way \$60,940, and Parking Services Renewal Program \$50,000 with \$227,020 commitments raised across these projects. This is partially offset by unfavourable timing variances for the Asphalt Overlay (FLRG) Program (\$85,748) which is 80% complete and a number of projects complete ahead of schedule including Lilburne Road and Guron Road Roundabout (\$74,409), Lilburne Road – Ayton Way to Ayton Way (\$71,728), Westerly Crescent (\$59,749) and Marker Road (\$51,706). The balances of variances are spread across a number of areas.

15. Vehicle and Plant Replacements

(\$269,057)

This unfavourable variance for Fleet and Plant purchases includes a number of items which are progressing ahead of budget phasing, including four vans and three utilities at a combined value of \$269,429. Orders totalling \$647,016 are awaiting delivery.

16. Proceeds from Disposal

(\$1,081,617)

The timing of the disposal of surplus land holdings generated an unfavourable variance of (\$1,143,125) partially offset by a favourable timing variance for Fleet and Plant assets disposals \$61,509.

Favourable Variance
Unfavourable Variance

17. Closing Funds**\$4,323,277**

	June 2017	February 2018
Current Assets		
Cash and Investments	\$91,237,574	\$131,722,455
Rates Outstanding, Sundry Debtors and Other Receivables	\$2,956,710	\$11,744,349
Accrued Income	\$967,074	\$1,313,235
Prepayments	\$10,653	\$688,792
Inventories	\$144,976	\$176,019
Total Current Assets	\$95,316,987	\$145,644,850
Current Liabilities		
Trade Creditors	\$3,786,997	\$1,579,815
Sundry Payables	\$523,645	\$10,864,753
Accrued Expenses	\$4,796,208	\$2,911,693
Other Payables	\$2,107,983	-
Borrowings	\$3,084,740	\$1,358,713
Provision for Annual Leave	\$4,366,612	\$4,299,491
Provision for Long Service Leave	\$5,579,310	\$5,748,662
Provision for Workers Compensation Insurance	\$3,550,341	\$4,418,588
Provision for Sick Leave	\$964,736	\$992,297
Other Provisions	\$59,321	\$62,090
Total Current Liabilities	\$28,819,891	\$32,236,102
Net Current Assets	\$66,497,096	\$113,408,748
Add back: Borrowings	\$3,084,740	\$1,358,713
Less: Cash Backed Reserves	\$67,903,096	\$67,903,096
Less: Non Current Long Service Leave	\$1,594,724	\$1,594,724
Closing Funds – Surplus/(Deficit)	\$84,016	\$45,269,640

Favourable Variance

Unfavourable Variance