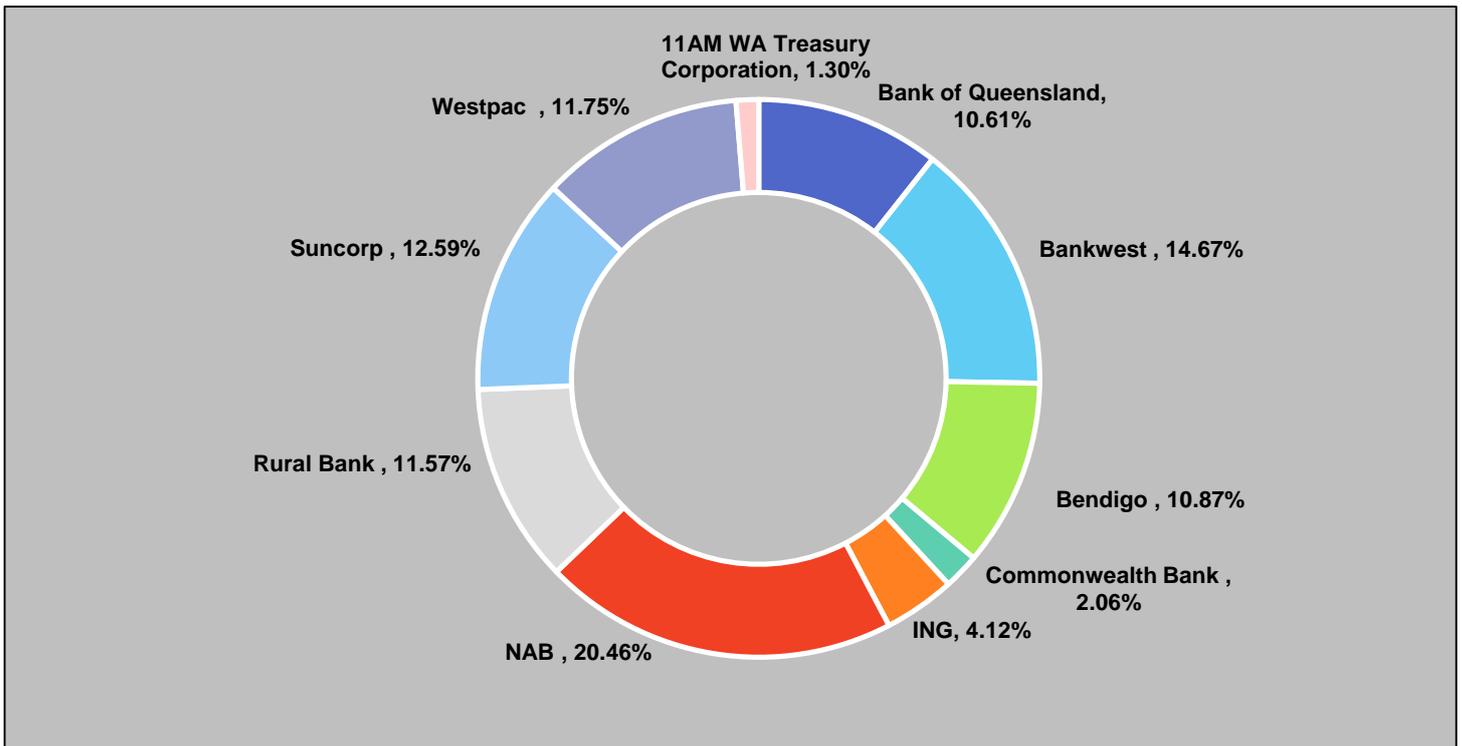


	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(100,765,907)	(100,745,907)	(100,814,141)	68,234	0%
Specified Area Rates		(568,048)	(568,048)	(566,408)	(1,640)	(0)%
Grants and Subsidies	2	(1,997,909)	(1,500,177)	(1,427,256)	(72,921)	(5)%
Contributions Reimbursements and Donations	3	(1,079,459)	(718,927)	(679,376)	(39,551)	(6)%
Profit on Asset Disposals	4	(274,549)	(243,307)	(432,547)	189,240	78%
Fees and Charges	5	(41,465,320)	(34,977,560)	(35,049,426)	71,866	0%
Interest Earnings		(4,404,877)	(3,343,098)	(3,386,687)	43,589	1%
Other Revenue/Income	6	(1,041,989)	(922,489)	(847,367)	(75,122)	(8)%
Total Operating Revenue		(151,598,058)	(143,019,514)	(143,203,208)	183,694	0%
OPERATING EXPENSES						
Employee Costs	7	64,751,318	43,845,845	42,185,250	1,660,595	4%
Materials and Contracts	8	53,256,430	33,964,911	31,744,569	2,220,342	7%
Utilities (gas, electricity, water etc.)	9	5,650,882	3,662,092	3,732,013	(69,921)	(2)%
Depreciation & Amortisation of Non-Current Assets	10	30,405,036	20,306,809	20,187,762	119,047	1%
Loss on Asset Disposals		4,320,877	192,998	199,034	(6,036)	(3)%
Interest Expenses		478,506	320,927	320,915	12	0%
Insurance Expenses		1,395,342	1,389,723	1,397,318	(7,595)	(1)%
Other Expenses		1,000	1,000	1,000	(0)	(0)%
Total Operating Expenses		160,259,390	103,684,305	99,767,861	3,916,444	4%
(SURPLUS)/DEFICIT FROM OPERATIONS		8,661,333	(39,335,209)	(43,435,347)	4,100,138	10%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(30,405,036)	(20,306,809)	(20,187,762)	(119,047)	(1)%
Loss on Asset Disposal		(4,320,877)	(192,998)	(199,034)	6,036	3%
Profit on Asset Disposals		274,549	243,307	432,547	(189,240)	78%
Other Non-Current items						
Movement in Non-current Items	11	(100,000)	(100,000)	319,670	(419,670)	(100)%
OPERATING CASH (SURPLUS)/DEFICIT		(25,890,030)	(59,691,709)	(63,069,926)	3,378,217	6%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	12	(7,091,018)	(4,373,444)	(4,026,551)	(346,894)	(8)%
Capital Contributions	13	(547,439)	(64,139)	(51,281)	(12,858)	(20)%
Equity Distribution - TPRC		(666,667)	(333,333)	(333,333)	0	0%
Acquired Infrastructure Assets		-	-	-	-	0%
Equity Investments	14	(6,300)	(6,300)	(24,059)	17,759	100%
Renewable Energy Certificates Revenue		-	-	-	-	0%
Total Non-Operating Revenue		(8,311,424)	(4,777,216)	(4,435,224)	(341,992)	(7)%
CAPITAL EXPENDITURE						
Capital Projects	15	7,727,679	3,562,894	3,424,329	138,565	4%
Capital Works	16	33,822,205	12,299,169	12,624,898	(325,729)	(3)%
Vehicle and Plant Replacements	17	2,685,299	1,180,298	733,400	446,898	38%
Loan Repayment Principal		3,201,862	1,789,641	1,789,641	-	0%
Total Capital Expenditure		47,437,046	18,832,003	18,572,268	259,735	1%
TPRC Development Costs		-	-	-	-	0%
CAPITAL (SURPLUS)/DEFICIT		39,125,622	14,054,787	14,137,045	(82,258)	(1)%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		13,235,591	(45,636,922)	(48,932,881)	3,295,960	7%
FUNDING						
Proceeds from Disposal	18	(2,359,559)	(721,061)	(483,737)	(237,323)	33%
Loans - New Borrowings		-	-	-	-	-
Transfer from Trust		(1,930,000)	-	-	-	-
Transfer from Reserve		(19,670,579)	-	-	-	-
Transfer to Reserve		9,113,389	-	-	-	-
Transfer to Accumulated Surplus		-	-	-	-	-
Transfer from Accumulated Surplus		-	-	-	-	-
Opening Funds		(4,428,425)	(4,428,425)	(4,428,425)	-	0%
CLOSING FUNDS	19	(6,039,583)	(50,786,408)	(53,845,044)	3,058,636	6%

INVESTMENT SUMMARY

February-19

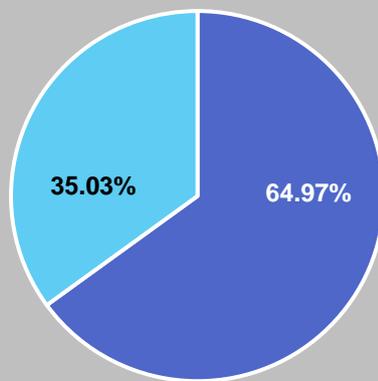


Municipal Funds	\$76,276,501	YTD Return	2.70%
Reserve Funds	\$69,213,499	Benchmark	2.00%
	<u>\$145,490,000</u>	RBA Rate	1.50%

<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 28 FEBRUARY 2019

1. Rates \$68,234

Rates income is slightly higher than budget predominantly arising from higher interim rates levied than anticipated year to date.

2. Grants and Subsidies (\$72,921)

This unfavourable timing variance arose mainly from the State Government Grants and Subsidies – Other including Sorrento Foreshore Bushland (\$75,000) the acquittal for which has been submitted for payment and funding from Lottery West for the Joondalup Festival (\$45,000) which will now expected to be received in March 2019. This is partially offset by a favourable variance for unbudgeted funding from the Department of Fire and Emergency Services Mitigation Activity Fund \$48,936 following approval of a grant application and payment of 50% of the total grant in February 2019.

3. Contributions, Reimbursements and Donations (\$39,551)

This unfavourable timing variance arose mainly from Insurance (\$29,478) and Utility Charges (\$22,272) partially offset by a favourable timing variance for Advertising \$9,710.

4. Profit on Asset Disposals \$189,240

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 \$190,836, partially offset by an unfavourable timing variance for the disposal of replaced Vehicles, Plant and Equipment (\$1,596).

5. Fees and Charges \$71,866

	YTD Revised Budget	YTD Actual	Variance
a) Licenses & Registrations	\$504,052	\$618,443	\$114,391
b) Fines & Penalties	\$948,788	\$1,019,075	\$70,287
c) Parking Fees	\$2,137,878	\$2,035,809	(\$102,069)
Other Fees & Charges	\$31,386,842	\$31,376,099	(\$10,743)
	<u>\$34,977,560</u>	<u>\$35,049,426</u>	<u>\$71,866</u>

Favourable Variance
Unfavourable Variance

- a) This favourable variance arose mainly from Dog Registration Fees \$101,910, Cat Registration Fees \$7,770 and Food Business Administration Fees \$7,340.
- b) Favourable variances include Suburban Parking Infringements \$38,354, Local Government Act Costs and Fines \$16,700, Dog Act Costs and Fines \$13,663 and Parking Infringements \$11,417.
- c) Unfavourable variances arose predominantly from Multi Story Car Parking Fees (\$76,679) and Off Street Parking Fees (\$36,503).

6. **Other Revenue / Income** (\$75,122)

This unfavourable variance arose predominantly due to the timing of rebates expected from LGIS in respect of workers compensation provisions for claim years expected to be closed this financial year.

7. **Employee Costs** \$1,660,595

	YTD Revised Budget	YTD Actual	Variance
a) Salaries and Wages	\$41,344,333	\$39,922,160	\$1,422,173
b) Other Employment Costs	\$2,501,512	\$2,263,090	\$238,422
	\$43,845,845	\$42,185,250	\$1,660,595

- a) A favourable variance arose for Salaries and Wages in various areas including Parks \$164,647, Engineering Maintenance \$153,555, Planning Approvals \$101,438, Library Operations \$87,726, Environmental Development \$83,521, Director Planning and Community Development \$67,909, Parking Services \$63,282, Landscaping and Conservation Services \$54,932, Building Services \$51,292 and Director Governance and Strategy \$50,503 mainly due to vacant positions. The balances of variances are spread across a number of areas.
- b) Favourable variances arose for Labour Recovery - Capital Works \$150,664 and Other Employment Costs \$128,814, partially offset by an unfavourable variance for Agency Employees (\$41,056) covering vacant positions.

Favourable Variance
Unfavourable Variance

8. Materials and Contracts

\$2,220,342

	YTD Revised Budget	YTD Actual	Variance
a) Professional Fees and Costs	\$2,104,290	\$1,969,937	\$134,353
b) Public Relations, Advertising & Promotions	\$800,028	\$604,365	\$195,663
c) Computing	\$1,487,830	\$1,386,375	\$101,457
d) Other Building Materials & Supplies	\$1,468,111	\$1,524,104	(\$55,994)
e) Furniture, Equipment & Artworks	\$1,739,938	\$1,533,891	\$206,047
f) Contributions & Donations	\$1,370,353	\$1,222,142	\$148,211
g) External Service Expenses	\$15,604,033	\$14,329,755	\$1,274,277
h) Other Materials & Contracts	\$9,390,328	\$9,174,000	\$216,328
	<u>\$33,964,911</u>	<u>\$31,744,569</u>	<u>\$2,220,342</u>

- a) Favourable timing variances arose for Consultancy \$152,777 and Recoverable Legal Expenses \$31,062, partially offset by unfavourable timing variances for Legal Expenses (\$37,731) and Valuation Fees (\$20,136). The balances of variances are spread across a number of areas.
- b) This favourable variance was predominantly due to Promotions \$103,963 of which \$61,414 relates to the Better Bins Project, General Advertising \$51,689 and Signage \$30,321.
- c) This includes favourable timing variances for Computer Software Maintenance \$60,476, Data Communication Links \$25,319, Computer Software Licences \$11,267 and Internet Provider Costs \$10,689.
- d) This unfavourable timing variance arose predominantly from External Material Purchases – Contract (\$53,887) and Trading Stock Purchases (\$6,725).
- e) Favourable timing variances arose mainly from Computer and Communications Equipment Purchases – Minor \$68,128, Plant and Equipment Maintenance and Repair \$67,296, Plant and Equipment Purchases – Minor \$54,022, Computer and Communications Equipment Maintenance \$21,296 and Furniture and Office Equipment Purchases – Minor \$14,895, partially offset by an unfavourable timing variance for Hire of Equipment (\$22,907).
- f) Favourable timing variances arose mainly from Community Funding Program \$58,983, Grants and Contributions Made \$41,093, Sponsorship \$18,733, Prizes and Trophies \$15,353 and Donations \$9,657.
- g) This favourable timing variance mainly arose from External Contractors and Services \$955,096 of which \$257,800 relates to Yellagonga Wetlands – Smart Monitoring and Management Program, Parks \$268,020, CEO Administration \$240,539 and \$69,759 Recreation Services for the Mid Week Lifeguard Contract. Other timing variances included General Waste Tipping Fees \$306,135. The balances of variances are spread across a number of areas.

Favourable Variance

Unfavourable Variance

- h) Favourable timing variances arose for a number of areas including Waste Management Services \$41,270, Telephones and Communication \$36,088, Members Costs \$32,986, Accommodation and Property \$32,613, Charges and Recoveries \$21,520, Administration \$19,023 and Books and Publications \$16,706.

9. Utilities

(\$69,921)

Unfavourable timing variances arose mainly from Electricity costs for Parks (\$57,848), Lighting (\$33,911) and Asset Management Administration (\$31,429) partially offset by a favourable timing variance for Electricity costs for Civic Chambers \$25,848. The balances of variances are spread across a number of areas.

10. Depreciation & Amortisation of Non-Current Assets

\$119,047

Favourable variances arose for Depreciation – Open Reserves \$64,462, Depreciation - Roads Infrastructure \$62,735, Depreciation – Buildings \$26,590, Depreciation - Footpaths Infrastructure \$14,921 and Depreciation – Drainage Infrastructure \$14,440, partially offset by an unfavourable variance for Impairment / Write Off of Assets (\$62,081) arising from the demolition of the Jack Kikeros Community Hall. The balances of the variances are spread across a number of areas.

11. Movement in Non-Current Items

(\$419,670)

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

(\$346,894)

	YTD Revised Budget	YTD Actual	Variance
a) State Government – Main Roads Grant	\$1,427,935	\$1,122,815	(\$305,120)
b) Commonwealth Roads to Recovery Grant	\$100,338	\$15,791	(\$84,547)
Other Grants & Subsidies	\$2,845,171	\$2,887,945	\$42,773
	<u>\$4,373,444</u>	<u>\$4,026,551</u>	<u>(\$346,894)</u>

- a) Unfavourable timing variances arose across the program due to projects progress. This program consists of 11 projects, 8 of which are complete awaiting payment of final invoices, including Blackall Drive – Allenswood Road to Hartly Court (\$35,040), Whitfords Avenue – Mooro Street to Wanneroo Road (East Bound) (\$40,520), Gibson Avenue – Livingstone Way to Livingstone Way (\$21,320), Gibson Avenue - Livingstone Way to Whitfords Avenue (\$12,040), Gibson Avenue - Rudall Way (North) to Hepburn Avenue (\$64,600), Delamere Road / Providence Drive Roundabout (\$11,520), Davalia Road – Grandilla Street to Beach Road (\$96,000) and Flinders Avenue / Cook Avenue Roundabout (\$15,920).

Favourable Variance

Unfavourable Variance

- b) This unfavourable timing variance arose from Alderhaus Drive which was completed in February and submitted for payment which is not yet received.

13. Capital Contributions

(\$12,858)

An unfavourable variance arose mainly as the result of a misallocation made in the 2018-19 Mid-Year Budget Review where a capital contribution was actually a capital grant to the Sorrento Bowling Club Refurbishment project. This is offset by a favourable variance for Renewable Energy Certificates Income \$7,142.

14. Equity Investments

\$17,759

This favourable variance arose from GST contributions from TPRC in respect of land sales undertaken. This has arisen as a result of the new GST rules on property sales that commenced on 01 July 2018.

15. Capital Projects

\$138,565

	YTD Revised Budget	YTD Actual	Variance
a) Acquisition of land: Lot 12223, No.12 Blackwattle Parade, Padbury	\$88,000	-	\$88,000
b) Joondalup Performing Arts & Cultural Facility	\$137,376	\$55,456	\$81,920
c) Infrastructure Asset Management System Implementation	\$111,031	\$55,616	\$55,415
d) Cafes/Restaurants/Kiosks	\$193,273	\$139,570	\$53,703
e) Information Technology Projects	\$28,000	\$151,184	(\$123,184)
f) New Employee Onboarding System Other Programs	-	\$20,500	(\$20,500)
	\$3,005,214	\$3,002,003	\$3,211
	<u>\$3,562,894</u>	<u>\$3,424,329</u>	<u>\$138,565</u>

- a) Favourable timing variance due to ongoing process of the acquisition which is expected to be finalised in coming months.
- b) Following Council's decision not to commence detailed design at this time, this favourable timing variance has arisen due to further project investigation/research progressing behind estimates.
- c) A favourable timing variance arose for this project for which the Building Condition Audit is now completed with invoices to be paid in coming months to finalise the contract.
- d) A favourable timing variance arose for this delayed project, expenditure for which is anticipated to increase in the coming months due to the finalisation of the various lease agreements.
- e) Unfavourable timing variances arose for IT Disaster Recovery Facilities (\$44,744) and Network Infrastructure Upgrade Program (\$78,439) due to projects progress.

Favourable Variance
Unfavourable Variance

- f) An unfavourable timing variance arose for this project which is progressing ahead of schedule.

16. Capital Works (\$325,729)

	YTD Revised Budget	YTD Actual	Variance
a) Parks Equipment Program	\$981,346	\$1,037,229	(\$55,882)
b) Street Lighting Program	\$2,683,866	\$2,889,245	(\$205,379)
Other Programs	\$8,633,957	\$8,698,424	(\$64,468)
	\$12,299,169	\$12,624,898	(\$325,729)

- a) Parks Equipment Program unfavourable timing variances exist for Cockman Park Play Space Renewal (\$40,873) and the Parks Asset Replacement Program (\$33,825) which are progressing ahead of schedule, at 50% and 92% completion stage respectively. This is partially offset by a favourable variance for Negresco Park Play Space Renewal \$15,510 which was completed under budget.
- b) This unfavourable timing variance is due predominantly to timing variances for Kingsley Park Floodlighting Upgrade (\$74,222) and Stage 2 Joondalup City Centre Lighting (\$66,670) both of which are progressing ahead of schedule. In addition, Ocean Reef Road LED Conversion (\$61,134) is complete and all invoices paid ahead of schedule.

17. Vehicle and Plant Replacements \$446,898

This favourable variance for Fleet and Plant purchases includes timing variances for three vans, one tractor plant and one truck \$464,715 which are progressing. Orders totalling \$822,601 have been placed and are scheduled for delivery in the coming months.

18. Proceeds from Disposal (\$237,323)

The timing of the disposal of surplus land holdings generated an unfavourable variance of (\$253,777) partially offset by a favourable timing variance for Fleet and Plant assets disposals \$16,454.

Favourable Variance
Unfavourable Variance

19. Closing Funds
\$3,058,636

	June 2018	February 2019
Current Assets		
Cash and Investments	\$100,085,669	\$145,320,470
Rates Outstanding, Sundry Debtors and Other Receivables	\$3,026,090	\$11,037,766
Accrued Income	\$1,208,522	\$1,592,108
Prepayments	\$687,023	\$269,893
Inventories	\$188,284	\$176,189
Total Current Assets	\$105,195,588	\$158,396,426
Current Liabilities		
Trade Creditors	\$4,522,569	\$1,376,617
Sundry Payables	\$610,874	\$10,662,050
Accrued Expenses	\$5,116,012	\$3,475,088
Other Payables	\$2,305,685	-
Borrowings	\$3,201,862	\$1,412,222
Provision for Annual Leave	\$4,497,672	\$4,292,031
Provision for Long Service Leave	\$5,855,900	\$5,955,922
Provision for Workers Compensation Insurance	\$2,503,467	\$3,458,025
Provision for Sick Leave	\$1,006,450	\$990,850
Other Provisions	\$196,914	\$189,178
Total Current Liabilities	\$29,817,405	\$31,811,983
Net Current Assets	\$75,378,183	\$126,584,443
Add back: Borrowings	\$3,201,862	\$1,412,222
Less: Cash Backed Reserves	\$74,151,621	\$74,151,621
Closing Funds – Surplus/(Deficit)	\$4,428,425	\$53,845,044

Favourable Variance
Unfavourable Variance