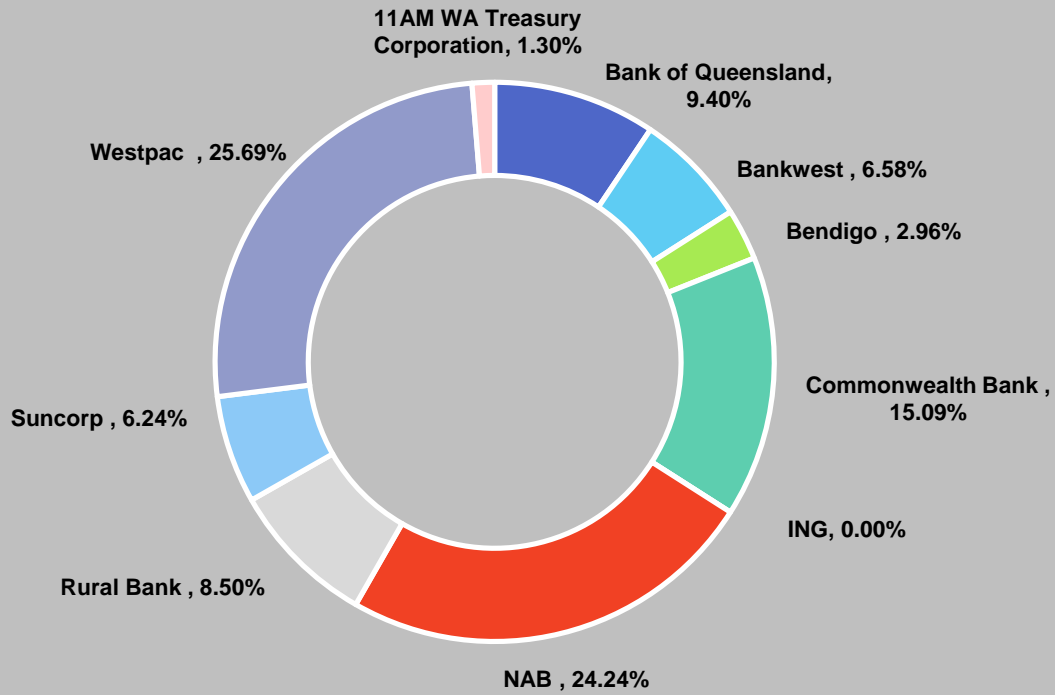


	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates		(103,410,513)	(103,202,513)	(103,211,633)	9,120	0%
Specified Area Rates		(698,945)	(698,945)	(698,942)	(3)	(0)%
Grants and Subsidies	1	(5,813,788)	(1,416,739)	(730,220)	(686,519)	(48)%
Contributions Reimbursements and Donations	2	(1,013,160)	(179,549)	(255,655)	76,106	42%
Profit on Asset Disposals	3	(88,946)	(4,447)	(16,165)	11,718	263%
Fees and Charges		(42,165,954)	(26,762,648)	(26,731,288)	(31,360)	(0)%
Interest Earnings		(3,668,336)	(1,203,480)	(1,249,619)	46,139	4%
Other Revenue/Income		(535,856)	(178,478)	(176,665)	(1,813)	(1)%
<b>Total Operating Revenue</b>		<b>(157,395,498)</b>	<b>(133,646,799)</b>	<b>(133,070,187)</b>	<b>(576,612)</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	4	65,187,584	16,837,105	16,397,611	439,494	3%
Materials and Contracts	5	51,053,002	12,016,349	10,517,061	1,499,288	12%
Utilities (gas, electricity, water etc.)		5,978,544	1,447,201	1,457,310	(10,109)	(1)%
Depreciation & Amortisation of Non-Current Assets	6	32,590,981	7,836,621	7,674,688	161,933	2%
Loss on Asset Disposals	7	280,841	86,000	-	86,000	100%
Interest Expenses		558,311	133,890	106,092	27,798	21%
Insurance Expenses		1,405,410	814,100	820,708	(6,608)	(1)%
<b>Total Operating Expenses</b>		<b>157,054,672</b>	<b>39,171,266</b>	<b>36,973,470</b>	<b>2,197,796</b>	<b>6%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>(340,825)</b>	<b>(94,475,533)</b>	<b>(96,096,717)</b>	<b>1,621,184</b>	<b>2%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(32,590,981)	(7,836,621)	(7,674,688)	(161,933)	(2)%
Loss on Asset Disposal		(280,841)	(86,000)	-	(86,000)	(100)%
Profit on Asset Disposals		88,946	4,447	16,165	(11,718)	263%
Other Non-Current items						
Movement in Non-current Items	8	(100,000)	(100,000)	137,501	(237,501)	(238)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(33,223,701)</b>	<b>(102,493,706)</b>	<b>(103,617,739)</b>	<b>1,124,033</b>	<b>1%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	9	(5,234,345)	(1,377,639)	(878,918)	(498,721)	(36)%
Capital Contributions	10	(140,733)	(40,733)	(113,987)	73,254	180%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Equity Investments	11	-	-	(2,707)	2,707	100%
Renewable Energy Certificates Revenue	12	-	-	(1,332)	1,332	100%
<b>Total Non-Operating Revenue</b>		<b>(5,875,078)</b>	<b>(1,418,372)</b>	<b>(996,944)</b>	<b>(421,428)</b>	<b>(30)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	13	3,576,568	534,546	262,365	272,181	51%
Capital Works	14	35,335,429	3,711,468	3,613,272	98,196	3%
Vehicle and Plant Replacements		1,860,000	70,000	77,542	(7,542)	(11)%
Loan Repayment Principal		3,324,328	594,251	594,251	-	0%
<b>Total Capital Expenditure</b>		<b>44,096,325</b>	<b>4,910,265</b>	<b>4,547,430</b>	<b>362,835</b>	<b>7%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>38,221,247</b>	<b>3,491,893</b>	<b>3,550,486</b>	<b>(58,593)</b>	<b>(2)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>4,997,546</b>	<b>(99,001,813)</b>	<b>(100,067,253)</b>	<b>1,065,440</b>	<b>1%</b>
<b>FUNDING</b>						
Proceeds from Disposal	15	(3,178,800)	(2,793,000)	(1,225,000)	(1,568,000)	(56)%
Loans - New Borrowings		-	-	-	-	0%
Transfer from Trust		(2,002,729)	-	-	-	0%
Transfer from Reserve		(13,139,643)	-	-	-	0%
Transfer to Reserve		14,548,144	-	-	-	0%
Transfer to Accumulated Surplus		-	-	-	-	0%
Transfer from Accumulated Surplus		-	-	-	-	0%
Opening Funds	16	(1,573,189)	(1,573,189)	(5,581,095)	4,007,906	255%
<b>CLOSING FUNDS</b>	17	<b>(348,672)</b>	<b>(103,368,002)</b>	<b>(106,873,348)</b>	<b>3,505,347</b>	<b>3%</b>

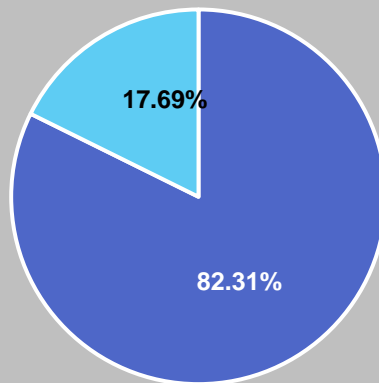


Municipal Funds	\$96,490,358	YTD Return	1.98%
Reserve Funds	\$79,414,642	Benchmark	1.50%
	<u>\$175,905,000</u>	RBA Rate	1.00%

<b>Investment Policy Limits</b>					
	<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

### Financial Institutions (FI) Investing Vs Not Investing in Fossil Fuels\*



■ F.I. Investing in Fossil Fuel    ■ F.I. Not Investing in 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 30 SEPTEMBER 2019**

**1. Grants and Subsidies**

**(\$686,519)**

This unfavourable timing variance arose mainly from advanced payments of Federal General Purpose (WALGGC) Grant (\$409,080) and Federal Road (FLRG) Grant (\$298,742) received in the previous financial year, partially offset by unbudgeted receipt of State Grant funding for Fire Mitigation \$42,520.

**2. Contributions, Reimbursements and Donations**

**\$76,106**

This favourable timing variance arose mainly from Sponsorships \$37,300, Other Miscellaneous Charges \$19,997, Advertising \$10,301 and Insurance \$8,779.

**3. Profit on Asset Disposals**

**\$11,718**

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.

**4. Employee Costs**

**\$439,494**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$15,827,511	\$15,565,664	\$261,847
b) Other Employment Costs	\$1,009,594	\$831,947	\$177,647
	<u>\$16,837,105</u>	<u>\$16,397,611</u>	<u>\$439,494</u>

a) Favourable timing variances for Salaries and Wages arose from vacancies in various areas.

b) Favourable timing variances arose mainly from Labour Recovery Capital Works \$126,175, Other Employee Costs \$37,569, Staff Training \$21,797 and Staff Recruitment Costs \$19,841. The balances of variances are spread across a number of areas.

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

**5. Materials and Contracts**
**\$1,499,288**

	YTD Budget	YTD Actual	Variance
a) Administration	\$416,108	\$236,166	\$179,942
b) Accommodation & Property	\$386,675	\$333,388	\$53,287
c) Computing	\$809,557	\$938,288	(\$128,731)
d) Telephones & Communication	\$230,207	\$179,423	\$50,784
e) Furniture, Equipment & Artworks	\$420,969	\$273,069	\$147,900
f) External Service Expenses	\$4,708,909	\$3,737,688	\$971,222
g) Waste Management Services	\$2,123,712	\$2,182,874	(\$59,162)
h) Charges & Recoveries	(\$2,888)	(\$82,443)	\$79,555
i) Professional Fees & Costs	\$636,210	\$557,303	\$78,906
j) Public Relations, Advertising & Promotions	\$228,638	\$170,456	\$58,182
Other Materials & Contracts	\$2,058,252	\$1,990,849	\$67,403
	<u>\$12,016,349</u>	<u>\$10,517,061</u>	<u>\$1,499,288</u>

- a) This favourable timing variance arose mainly from Other Sundry Administration Expenses \$129,885 and Printing \$18,943. The balances of variances are spread across a number of areas.
- b) This favourable timing variance arose mainly from Refuse Removal Charges \$56,297. The balances of variances are spread across a number of areas
- c) An unfavourable timing variance arose mainly from Computer Software Maintenance (\$280,194), partially offset by a favourable timing variance for Computer Software Subscriptions \$148,149.
- d) Favourable timing variances arose mainly from Postage, Courier and Freight Services \$31,042 and Office Telephone and Faxes \$21,799.
- e) This favourable variances arose from the timing of purchases and maintenance of various minor equipment and assets spread across several areas.
- f) Favourable timing variances arose mainly from General Waste Tipping Fees \$257,119 and External Contractors and Services \$650,197 including Administration \$298,383, Reactive Buildings Maintenance \$139,727, Chemical Weeding \$104,849, Fire Mitigation \$69,600 and Minor Waste Services\$54,000. The balances of variances are spread across a number of areas.
- g) This unfavourable timing variance arose from Bulk Green Waste Collection and Processing (\$69,837), Bulk Hard Waste Collection and Processing (\$30,532) and General Waste Collection (\$18,489), partially offset by favourable timing variances from Recycling Collection and Processing \$30,238, Domestic Green Waste Collection and Processing \$28,194 and Weekend Greens \$543.
- h) This favourable timing variance arose mainly from Overhead Recoveries \$83,487. The balances of variances are spread across a number of areas.
- i) Favourable timing variances arose across a number of areas including Consultancy, Recoverable Legal Expenses and Licence Fees.

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

j) Favourable timing variances arose mainly from General Advertising and Promotions.

**6. Depreciation & Amortisation of Non-Current Assets \$161,933**

Favourable variances arose for Depreciation – Buildings \$109,563, Depreciation – Open Reserves \$88,530, Depreciation – Footpaths Infrastructure \$24,812 and Depreciation Computer and Communications Hardware \$21,245, partially offset by an unfavourable variance for Depreciation – Mobile and Other Plant (\$70,302) and Depreciation – Drainage Infrastructure (\$29,619). The balances of the variances are spread across a number of areas.

**7. Loss on Asset Disposals \$86,000**

This favourable timing variance arose in respect of Lot 803 (15) Burlos Court, Joondalup with offers received not resulting in its sale. Investigations are continuing concerning a potential collaborative development project.

**8. Movement in Non-Current Items (\$237,501)**

This timing variance arose in respect of an increase to Non-current Long Service Leave Liability.

**9. Capital Grants and Subsidies (\$498,721)**

	YTD Budget	YTD Actual	Variance
a) State Government – Metropolitan Regional Road Group Roads Grant	\$449,374	\$184,774	(\$264,600)
b) State Government - Direct Roads Grant	\$409,932	-	(\$409,932)
c) Other Grants & Subsidies	-	\$86,000	\$86,000
d) Commonwealth Grants - Other	-	\$181,818	\$181,818
e) Other Programs	\$518,333	\$426,326	(\$92,007)
	<u>\$1,377,639</u>	<u>\$878,918</u>	<u>(\$498,721)</u>

Favourable Variance
Unfavourable Variance

- a) Unfavourable timing variances arose mainly from progress of claims for projects including Whitfords Avenue / Northshore Drive Roundabout (\$156,800), Warwick Road / Erindale Road Intersection Upgrade (\$114,000) and Burns Beach Road / Joondalup Drive Roundabout (\$63,400). The balances of variances are spread across a number of areas.
- b) Unfavourable timing variances arose for the Direct Grant Roads Program consisting of Ranford Way (\$181,000), Cutter Crescent (\$161,932) and Cordova Court (\$67,000) with the grant acquittal submitted to Main Roads WA and awaiting payment.
- c) This favourable timing variance arose from the Public Transport Authority Bicycle Path Grant for Beach Road WA Bicycle Network Shared Path \$86,000 which was received earlier than estimated.
- d) This favourable timing variance arose from the State Government Election commitment contribution to deliver Marmion / Edinburgh Pedestrian Crossing Improvements \$181,818 which was received earlier than estimated.
- e) Unfavourable timing variances arose from State Government Black Spot Grant (\$43,600), Commonwealth Roads to Recovery Grant (\$27,267) and Commonwealth Roads to Recovery Supplementary Grants (\$20,733).

#### 10. Capital Contributions

**\$73,254**

This favourable variance arose from an unbudgeted contribution from the cricket club for the construction of lights for the cricket nets at Emerald Park \$42,500 and a higher than estimated contribution received for Joondalup Bowling Club Toilet Block Construction \$30,754.

#### 11. Equity Investments

**\$2,707**

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.

#### 12. Renewable Energy Certificates Revenue

**\$1,332**

This favourable variance arose from Renewable Energy Certificates Income being rebates received for the purchase and installation of renewable energy appliances to capital projects.

Favourable Variance
Unfavourable Variance

**13. Capital Projects**
**\$272,181**

	YTD Budget	YTD Actual	Variance
a) Cafes/Restaurants/Kiosks	\$103,584	\$49,044	\$54,540
b) CCTV – Mirror Park	\$50,000	-	\$50,000
c) IT Projects	\$86,000	-	\$86,000
d) Better Bins Project – 3 Bin System	-	\$83,920	(\$83,920)
e) Other Programs	\$294,962	\$129,401	\$165,561
	<u>\$534,546</u>	<u>\$262,365</u>	<u>\$272,181</u>

- a) This favourable timing variance arose due to the design phase of the project continuing beyond estimates due to a scope variation request arising from the Major Projects & Finance Committee.
- b) This favourable timing variance arose due to the progress of this project which is due to commence in coming months.
- c) This favourable timing variance arose due to progress of projects IT Disaster Recovery Facilities \$47,000 and Network Infrastructure Upgrade Program \$39,000.
- d) This unfavourable timing variance arose due to carry forward of this project from the previous year.
- e) Favourable timing variances due to projects progress arose across the program including Joondalup Performing Arts and Cultural Facility \$40,072, Automation Accounts Payable \$32,884, New Display Screens Across the City \$27,000, and Joondalup City Centre Commercial Office Development \$20,522.

<b>Favourable Variance</b>
<b>Unfavourable Variance</b>

#### 14. Capital Works

**\$98,196**

	No. Budgeted Projects	YTD Budget	YTD Actual	Variance	Key Variance
a) Foreshore and Natural Areas Management Program (FNM)	6	\$60,000	\$560	\$59,440	FNM2054 - \$59,800
b) Major Building Capital Works Program (BCW)	12	\$71,800	\$204,160	(\$132,360)	BCW2450 – (\$58,430) BCW2573 – (\$49,494)
c) Paths Program (FPN)	36	\$744,000	\$539,612	\$204,388	FPN2240 - \$309,370 FPN2255 - \$117,442
d) Major Projects Program (MPP)	13	\$997,141	\$258,255	\$738,886	MPP2072 - \$381,728 MPP2034 - \$156,097
e) Road Preservation/Resurfacing Program (RPR)	80	\$957,877	\$842,656	\$115,221	RPR2004 - \$100,127 RPR2919 - \$73,541
f) Street Lighting Program (STL)	13	\$24,000	\$645,260	(\$621,260)	STL2003 - (\$605,550)
g) Stormwater Drainage Program (SWD)	10	\$44,750	\$105,990	(\$61,240)	SWD2133 - (\$63,149)
h) Parks Equipment Program (PEP)	23	\$177,300	\$269,264	(\$91,964)	PEP2524 - (\$50,294) PEP2707 – (\$39,221)
i) Streetscape Enhancement Program (SSE)	4	\$221,000	\$282,674	(\$61,674)	SSE2057 – (\$45,294)
j) Other Programs	41	\$413,600	\$464,841	(\$51,241)	
	238	\$3,711,468	\$3,613,272	\$98,196	

- a) This favourable timing variance arose from FNM2054 – Whitfords Nodes Hillarys Lookout Stairway \$59,800 due to project progress with the tender be presented to Council for approval in October 2019.
- b) Unfavourable timing variances due mainly to the following projects that progressed ahead of schedule, BCW2632 – Kingsley Community Vision (\$28,020), BCW2450 – Environmental Initiatives (\$58,430) and BCW2573 – Short Life Services Program (\$49,494).

**Favourable Variance**

**Unfavourable Variance**

- c) Favourable timing variances arose from FPN2240 – Burns Beach to Mindarie Dual Use Path \$309,370 which is now in progress after some delays with planning and environmental issues and FPN2255 – Hillarys Animal Beach Shared Path \$117,442 due to the timing of invoices. This is partially offset by a number of unfavourable timing variances across the program.
- d) Major Projects has several projects in progress with favourable timing variances due to the timing of tender processes and receipt of invoices including MPP2072 – Percy Doyle Utilities Upgrade \$381,728, MPP2034 - Joondalup Administration Building Major Refurbishment \$156,097, MPP2065 - Percy Doyle – Sorrento Bowling Clubrooms \$118,065, MPP2053 - Jinan Gardens Construction \$51,797 and MPP2067 – Percy Doyle Mildenhall Refurbishment \$32,718 which are in the design phase.
- e) This favourable timing variance arose predominantly from RPR2004 - Asphalt Overlay and Re-kerbing \$100,127 which is an annual program. In addition, RPR2919 – Ranford Way \$73,541 and RPR2219 – Telford Street \$51,302 are complete awaiting final invoices and RPR3025 – Elfreda Avenue \$36,837 has been delayed until January 2020. This is partially offset by a number of unfavourable timing variances across the program including RPR2922 – Martin Road (\$58,818), RPR3030 – Batavia Place (\$51,359) and RPR2924 – Clontarf Street – Cliff Street to Saint Patricks Road (\$48,182) due to some additional works and invoice timing.
- f) This unfavourable timing variance arose predominantly from STL2003 - Joondalup City Centre Street Lighting (\$605,550) which is progressing ahead of schedule with Stage 3 now completed.
- g) This unfavourable timing variance arose mainly from SWD2133 - Northshore Avenue Sump Renewal Works (\$63,149) which was carried forward from the previous financial year and is now complete.
- h) Unfavourable timing variance due mainly to PEP2524 – Chadstone Park Playspace Renewal (\$50,294) and PEP2707 Whitfords Nodes Health and Wellbeing Hub (\$39,221) which is progressing with irrigation and playspace construction works commenced. This is partially offset by a number of unfavourable timing variances across the program.
- i) This unfavourable timing variance arose mainly from SSE2057 – Leafy City Program (\$45,294) with installation of trees almost complete for 2019 and maintenance of installations to commence.
- j) Unfavourable timing variances arose mainly from Traffic Management Program (\$29,557), Major Road Construction Program (\$18,075) and Parking Facilities Program (\$6,459).

## 15. Proceeds from Disposal

**(\$1,568,000)**

This unfavourable timing variance arose mainly in respect of Lot 803 (15) Burlos Court, Joondalup (\$1,634,000) with offers received not resulting in its sale. Investigations are continuing concerning a potential collaborative development project.

Favourable Variance
Unfavourable Variance

## 16. Opening Funds

**\$4,007,906**

Variations in the actual results for 2018-19 compared to the budget estimate gave rise to a favourable variance of \$4,007,906 in opening funds. The drivers for the increased end of year surplus, after taking end of year reserve movements and other offsets into account, are reductions in operating and capital expenditure and additional operating revenue. Adjustment to opening funds will be reflected in the Mid Year Budget Review.

## 17. Closing Funds

**\$3,505,347**

	June 2019	September 2019
<b>Current Assets</b>		
Cash and Investments	\$116,629,542	\$177,546,276
Rates Outstanding, Sundry Debtors and Other Receivables	\$4,014,542	\$47,715,287
Accrued Income	\$1,437,933	\$1,034,714
Prepayments	\$475,123	\$108,046
Inventories	\$245,434	\$240,691
<b>Total Current Assets</b>	<b>\$117,802,574</b>	<b>\$226,645,014</b>
<b>Current Liabilities</b>		
Trade Creditors	\$4,911,992	\$672,616
Sundry Payables	\$563,195	\$18,039,812
Accrued Expenses	\$5,512,097	\$3,304,833
Other Payables	\$4,150,599	-
Borrowings	\$3,324,328	\$2,730,077
Provision for Annual Leave	\$4,644,369	\$4,793,642
Provision for Long Service Leave	\$6,285,252	\$6,310,531
Provision for Workers Compensation Insurance	\$2,562,776	\$3,028,789
Provision for Sick Leave	\$994,195	\$1,032,041
Other Provisions	\$194,957	\$187,355
<b>Total Current Liabilities</b>	<b>\$33,143,760</b>	<b>\$40,099,696</b>
<b>Net Current Assets</b>	<b>\$84,658,814</b>	<b>\$186,545,318</b>
<b>Add back: Borrowings</b>	<b>\$3,324,328</b>	<b>\$2,730,077</b>
<b>Less: Cash Backed Reserves</b>	<b>\$82,402,047</b>	<b>\$82,402,047</b>
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$5,581,095</b>	<b>\$106,873,348</b>

**Favourable Variance**

**Unfavourable Variance**