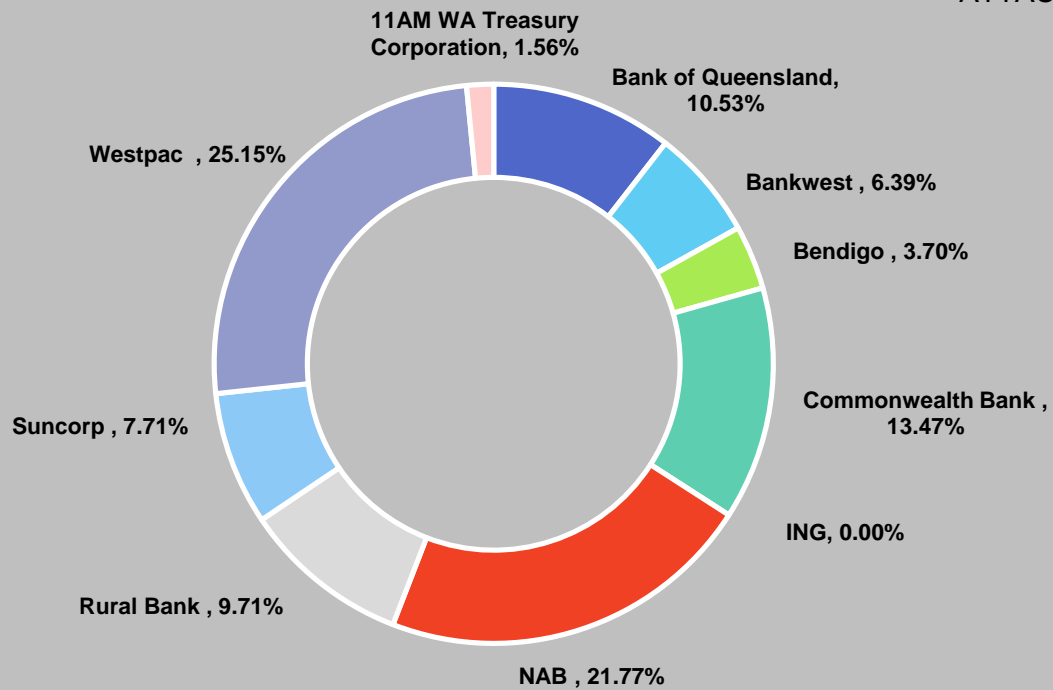


	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(103,410,513)	(103,202,513)	(103,211,633)	9,120	0%
Specified Area Rates		(698,945)	(698,945)	(698,942)	(3)	(0)%
Grants and Subsidies	1	(5,813,788)	(1,416,739)	(730,220)	(686,519)	(48)%
Contributions Reimbursements and Donations	2	(1,013,160)	(127,598)	(180,320)	52,722	41%
Profit on Asset Disposals	3	(88,946)	(4,447)	-	(4,447)	(100)%
Fees and Charges	4	(42,165,954)	(25,199,016)	(25,067,250)	(131,766)	(1)%
Interest Earnings	5	(3,668,336)	(838,975)	(890,977)	52,002	6%
Other Revenue/Income	6	(535,856)	(178,478)	(116,088)	(62,390)	(35)%
Total Operating Revenue		(157,395,498)	(131,666,711)	(130,895,430)	(771,281)	1%
OPERATING EXPENSES						
Employee Costs	7	65,187,584	11,671,581	11,337,775	333,806	3%
Materials and Contracts	8	51,053,002	8,016,074	6,939,678	1,076,396	13%
Utilities (gas, electricity, water etc.)		5,978,544	951,048	993,259	(42,211)	(4)%
Depreciation & Amortisation of Non-Current Assets	9	32,590,981	5,264,252	5,110,895	153,357	3%
Loss on Asset Disposals	10	280,841	86,000	-	86,000	100%
Interest Expenses	11	558,311	90,557	83,375	7,182	8%
Insurance Expenses		1,405,410	813,632	819,708	(6,076)	(1)%
Total Operating Expenses		157,054,672	26,893,143	25,284,690	1,608,453	6%
(SURPLUS)/DEFICIT FROM OPERATIONS		(340,825)	(104,773,568)	(105,610,740)	837,172	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(32,590,981)	(5,264,252)	(5,110,895)	(153,357)	(3)%
Loss on Asset Disposal		(280,841)	(86,000)	-	(86,000)	(100)%
Profit on Asset Disposals		88,946	4,447	-	4,447	0%
Other Non-Current items						
Movement in Non-current Items	12	(100,000)	(100,000)	(23,708)	(76,292)	(76)%
OPERATING CASH (SURPLUS)/DEFICIT		(33,223,701)	(110,219,373)	(110,745,343)	525,971	0%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	13	(5,234,345)	(967,707)	(495,927)	(471,780)	(49)%
Capital Contributions	14	(140,733)	(40,733)	(113,987)	73,254	100%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Equity Investments	15	-	-	(7,397)	7,397	100%
Total Non-Operating Revenue		(5,875,078)	(1,008,440)	(617,311)	(391,129)	(39)%
CAPITAL EXPENDITURE						
Capital Projects	16	3,576,568	363,509	147,148	216,361	60%
Capital Works	17	35,335,429	2,148,854	1,919,089	229,765	11%
Vehicle and Plant Replacements	18	1,860,000	70,000	76,601	(6,601)	(9)%
Loan Repayment Principal		3,324,328	206,590	206,590	-	0%
Total Capital Expenditure		44,096,325	2,788,953	2,349,428	439,525	16%
CAPITAL (SURPLUS)/DEFICIT		38,221,247	1,780,513	1,732,117	48,396	3%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,997,546	(108,438,860)	(109,013,226)	574,367	1%
FUNDING						
Proceeds from Disposal	19	(3,178,800)	(1,634,000)	(1,225,000)	(409,000)	(25)%
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	20	(1,573,189)	(1,573,189)	(0)	(1,573,189)	(100)%
CLOSING FUNDS	21	(348,672)	(111,646,049)	(110,238,226)	(1,407,822)	(1)%

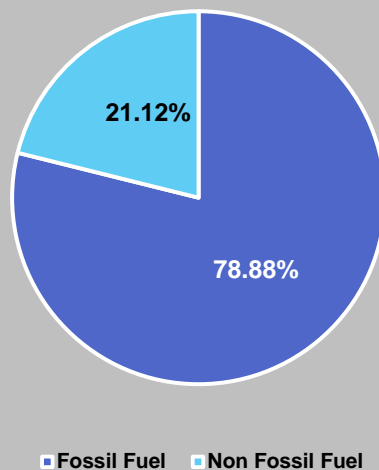


Municipal Funds	\$106,597,058	YTD Return	2.20%
Reserve Funds	\$74,482,942	Benchmark	1.50%
	<u>\$181,080,000</u>	RBA Rate	1.00%

<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 *



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

**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE
PERIOD ENDED 31 AUGUST 2019 (Subject to finalisation of 2018-19 End of Year)**

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 \$52,722

This favourable timing variance arose mainly from Sponsorships \$42,000, Insurance \$8,779 and contributions for Utility Charges \$13,356, partially offset by an unfavourable timing variance for Recoverable Legal Fees (\$5,690) and Other Miscellaneous Charges (\$4,571).

3. Profit on Asset Disposals (\$4,447)

This unfavourable timing variance arose in respect of Vehicle and Plant Disposals due to progress of the Vehicle and Plant Replacement Program.

4. Fees and Charges (\$131,766)

	YTD Budget	YTD Actual	Variance
a) Building & Development Fees	\$321,667	\$259,798	(\$61,869)
b) Hire and Rentals	\$163,079	\$109,091	(\$53,988)
Other Fees & Charges	\$24,714,270	\$24,698,361	(\$15,909)
	<u>\$25,199,016</u>	<u>\$25,067,250</u>	<u>(\$131,766)</u>

a) This unfavourable variance arose mainly from Development Application Fees (\$28,784), Building Permits (\$18,064) and Other Building and Development Charges (\$10,642).

b) This unfavourable timing variance was predominantly due to Property Rental (\$54,083).

Favourable Variance
Unfavourable Variance

5. Interest Earnings

\$52,002

This favourable timing variance arose mainly from Interest on Investments \$52,601.

6. Other Revenue / Income

(\$62,390)

This unfavourable timing variance arose predominantly from Illuminated Bus Shelter Revenue (\$80,000) due to invoicing adjustments, partially offset by favourable timing variances across other accounts.

7. Employee Costs

\$333,806

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$10,746,798	\$10,509,863	\$236,935
b) Other Employment Costs	\$924,783	\$827,912	\$96,871
	<u>\$11,671,581</u>	<u>\$11,337,775</u>	<u>\$333,806</u>

a) Favourable timing variances arose for Salaries and Wages in various areas, including Parks \$129,338 and Planning and Community Development \$86,645. The balances of variances are spread across a number of areas.

b) Favourable timing variances arose mainly from Labour Recovery Capital Works \$74,440 and Staff Training \$37,721. The balances of variances are spread across a number of areas.

8. Materials and Contracts

\$1,076,396

	YTD Budget	YTD Actual	Variance
a) Administration	\$277,806	\$182,502	\$95,304
b) Accommodation & Property	\$265,197	\$187,560	\$77,637
c) Computing	\$558,418	\$405,508	\$152,910
d) Telephones & Communication	\$167,749	\$99,575	\$68,174
e) Furniture, Equipment & Artworks	\$287,528	\$157,937	\$129,591
f) External Service Expenses	\$3,001,015	\$2,320,765	\$680,250
g) Waste Management Services	\$1,431,348	\$1,659,630	(\$228,282)
h) Charges & Recoveries	(\$17,510)	(\$89,432)	\$71,922
i) Professional Fees & Costs	\$492,609	\$441,399	\$51,210
Other Materials & Contracts	\$1,551,914	\$1,574,234	(\$22,320)
	<u>\$8,016,074</u>	<u>\$6,939,678</u>	<u>\$1,076,396</u>

Favourable Variance

Unfavourable Variance

- a) This favourable timing variance arose mainly from Other Sundry Administration Expenses \$79,848. The balances of variances are spread across a number of areas.
- b) This favourable timing variance arose mainly from Council Rates for Tamala Park \$52,536, Refuse Removal Charges \$37,351 and Rental and Outgoings \$5,993, partially offset by an unfavourable timing variance from Water Rates for City owned properties (\$19,893).
- c) Favourable timing variances arose from Computer Software Subscriptions \$198,619 and Computer Software Licences \$12,615, partially offset by an unfavourable timing variance for Computer Software Maintenance (\$59,811).
- d) Favourable timing variances arose mainly from Mobile Phones, Pagers and Radios \$27,927, Postage, Courier and Freight Services \$26,631 and Office Telephone and Faxes \$11,247.
- e) This favourable timing variance arose mainly from Plant and Equipment Purchase – Minor \$66,937, Plant and Equipment Maintenance and Repair \$50,141 and Computer and Communications Equipment – Minor \$20,706, partially offset by an unfavourable timing variance for Furniture and Office Equipment Purchase – Minor (\$17,657).
- f) Favourable timing variances arose mainly from General Waste Tipping Fees \$171,811 and External Contractors and Services \$478,512 including Administration \$196,322, Buildings Maintenance \$80,049, Chemical Weeding \$46,224, Fire Mitigation \$38,100 and Buildings Cleaning \$37,322. The balances of variances are spread across a number of areas.
- g) This unfavourable timing variance arose from General Waste Collection (\$193,051), Bulk Green Waste Collection and Processing (\$43,498) and Bulk Hard Waste Collection and Processing (\$23,607), partially offset by favourable timing variances from Recycling Collection and Processing \$22,638, Weekend Greens \$8,251 and Domestic Green Waste Collection and Processing \$985.
- h) This favourable timing variance arose mainly from Operational Overhead Recoveries \$48,160 and Capital Overhead Recoveries \$14,737. The balances of variances are spread across a number of areas.
- i) Favourable timing variances arose from Licence Fees \$24,582, Recoverable Legal Expenses \$18,744 and Consultancy \$9,110. The balances of variances are spread across a number of areas.

9. Depreciation & Amortisation of Non-Current Assets

\$153,357

2018/19 asset values are being finalised as part of the end of year audit. The effect of this has not fully impacted upon the 2019/20 depreciation figures. Favourable variances arose for Depreciation – Buildings \$68,516, Depreciation – Mobile and Other Plant \$59,189, and Depreciation – Open Reserves \$51,083, partially offset by an unfavourable variance for Depreciation – Drainage Infrastructure (\$36,539). The balances of the variances are spread across a number of areas

Favourable Variance
Unfavourable Variance

10. 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 being undertaken concerning a potential collaborative development project.

11. Interest Expense

\$7,182

This favourable timing variance arose from Interest of Lease Liability \$8,009 partially offset by an unfavourable timing variance from Accrued Interest Expense (\$828).

12. Movement in Non-Current Items

(\$76,292)

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

13. Capital Grants and Subsidies

(\$471,780)

	YTD Budget	YTD Actual	Variance
a) State Government – MRRG Roads Grant	\$449,374	\$69,601	(\$379,773)
b) Other Programs	\$518,333	\$426,326	(\$92,007)
	<u>\$967,707</u>	<u>\$495,927</u>	<u>(\$471,780)</u>

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), Burns Beach Road / Joondalup Drive Roundabout (\$63,400) and Warwick Road – Dorchester Avenue to Coolibah Drive (East Bound) (\$54,907). The balances of variances are spread across a number of areas.

b) Unfavourable timing variances arose from State Government Black Spot Grant (\$43,600) and Commonwealth Grants for Roads to Recovery (\$27,674) and Roads to Recovery Supplementary Grants (\$20,733).

14. 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 Construction \$30,754.

Favourable Variance
Unfavourable Variance

15. Equity Investments

\$7,397

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.

16. Capital Projects

\$216,361

This favourable timing variance arose due to progress of a number of projects including IT Disaster Recovery Facilities \$47,000, Network Infrastructure Upgrade Program \$39,000, Cafes / Restaurants / Kiosks \$36,648, Joondalup Performing Arts and Cultural Facility \$27,857, New Display Screens Across the City \$27,000 and Automation of Accounts Payable \$23,320.

Favourable Variance

Unfavourable Variance

17. Capital Works

\$229,765

	No. Budgeted Projects	YTD Budget	YTD Actual	Variance	Key Variance
a) Parks Development Program	22	\$88,000	\$175,222	(\$87,222)	PDP2252 - (\$30,526) PDP2272 - (\$30,090)
b) Major Building Capital Works Program	12	\$35,900	\$124,939	(\$89,039)	BCW2573 - (\$49,494)
c) Paths Program	36	\$485,000	\$390,392	\$94,608	FPN2255 - \$117,442
d) Major Projects Program	13	\$688,227	\$193,463	\$494,764	MPP2072 - \$188,653 MPP2034 - \$135,084
e) Road Preservation/Resurfacing Program	80	\$510,877	\$323,352	\$187,525	RPR2004 - \$100,323 RPR3010 - \$ 88,417
f) Street Lighting Program	13	\$2,000	\$328,476	(\$326,476)	STL2003 - (\$322,033)
g) Stormwater Drainage Program	10	\$13,000	\$80,946	(\$67,946)	SWD2133 - (\$63,149)
Other Programs	52	\$325,850	\$302,299	\$23,551	
	238	\$2,148,854	\$1,919,089	\$229,765	

- a) An unfavourable timing variance arose from PDP2272 - Heritage Precinct Development (formerly Parin Park Development) of which (\$30,090) relates to a Parin Park Heritage Precinct sub-project which was carried forward from 2018/19 and is now completed. An unfavourable timing variance arose from the PDP2252 - Tree Planting Program (\$30,526) due to the end of the planting from 2018/19 being carried forward into the current year plus progression with the 2019/20 program. In addition, unfavourable timing variances arose from PDP2285 - Blackall Park Bore Renewal (\$24,359) and PDP2278 - Orient Park Irrigation Upgrades (\$22,907) which are progressing ahead of schedule, partially offset by a favourable timing variance for PDP2282 - Dog Exercise Park \$24,801 due for completion in September.
- b) Unfavourable timing variances have occurred across several projects currently in progress including BCW2573 - Short Life Services Replacement Program (\$49,494), BCW2634 - Duffy House Restoration (\$16,672) and BCW2450 - Environmental Initiatives (\$11,418).

Favourable Variance

Unfavourable Variance

- c) Favourable timing variances arose from FPN2255 - Hillarys Animal Beach Shared Path \$117,442 due to the timing of invoices and FPN2240 - Burns Beach to Mindarie Dual Use Path \$66,492 with the project now in progress after some delays with planning and environmental issues. 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 timing of invoices including MPP2072 - Percy Doyle – Utilities Upgrade \$188,653, MPP2034 - Joondalup Administration Building Major Refurbishment \$135,084, MPP2065 - Percy Doyle – Sorrento Bowling Clubrooms \$118,065 and MPP2053 - Jinan Gardens Construction \$34,778 which is in design phase. The balances of variances are spread across a number of areas.
- e) This favourable timing variance arose predominantly from RPR2004 - Asphalt Overlay and Re-kerbing \$100,323 and RPR3010 - Laurel Street \$88,417 due to the timing of invoices. The balances of variances are spread across a number of areas.
- f) This unfavourable timing variance arose predominantly from STL2003 - Joondalup City Centre Street Lighting (\$322,033) which is progressing ahead of schedule with Stage 3 now 95% 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.

18. Vehicle and Plant Replacements

(\$6,601)

A favourable timing variance arose for a Mower / Slasher \$70,000 which is progressing behind budget, partially offset by unfavourable timing variances for purchases progressing ahead of schedule including 3x Sprayer Units and a Ride-on Mower (\$74,896). Orders totalling \$446,394 have been placed and are awaiting delivery.

19. Proceeds from Disposal

(\$409,000)

This unfavourable timing variance arose in respect of Lot 803 (15) Burlos Court, Joondalup (\$1,634,000) with offers received not resulting in its sale. Investigations are being undertaken concerning a potential collaborative development project. This is partially offset from the earlier than estimated sale of Lot 2 (20) Kanangra Crescent, Greenwood \$1,225,000.

20. Opening Funds

(\$1,573,189)

The variation in the closing funds for the period ended 30 June 2019 is prior to end of year adjustments being processed. The final balance will be available after the Financial Statements for 2018-19 have been audited.

Favourable Variance
Unfavourable Variance

21. Closing Funds
(\$1,407,822)

	June 2019 *	August 2019
Current Assets		
Cash and Investments		\$181,470,701
Rates Outstanding, Sundry Debtors and Other Receivables		\$60,335,584
Accrued Income		\$1,116,284
Prepayments		\$107,864
Inventories		\$151,653
Total Current Assets		\$243,182,086
Current Liabilities		
Trade Creditors		\$8,006,605
Sundry Payables		\$17,556,804
Accrued Expenses		\$33,901,368
Other Payables		-
Borrowings		\$3,117,738
Provision for Annual Leave		\$4,811,633
Provision for Long Service Leave		\$6,281,120
Provision for Workers Compensation Insurance		\$3,940,148
Provision for Sick Leave		\$1,013,524
Other Provisions		\$189,828
Total Current Liabilities		\$48,818,768
Net Current Assets		\$194,363,318
Add back: Borrowings		\$3,117,738
Less: Cash Backed Reserves		\$75,049,524
Less: Other Items (subject to finalisation of 2018-19 end of year)		\$12,193,306
Closing Funds – Surplus/(Deficit)		\$110,238,226

* Subject to finalisation of 2018-19 end of year