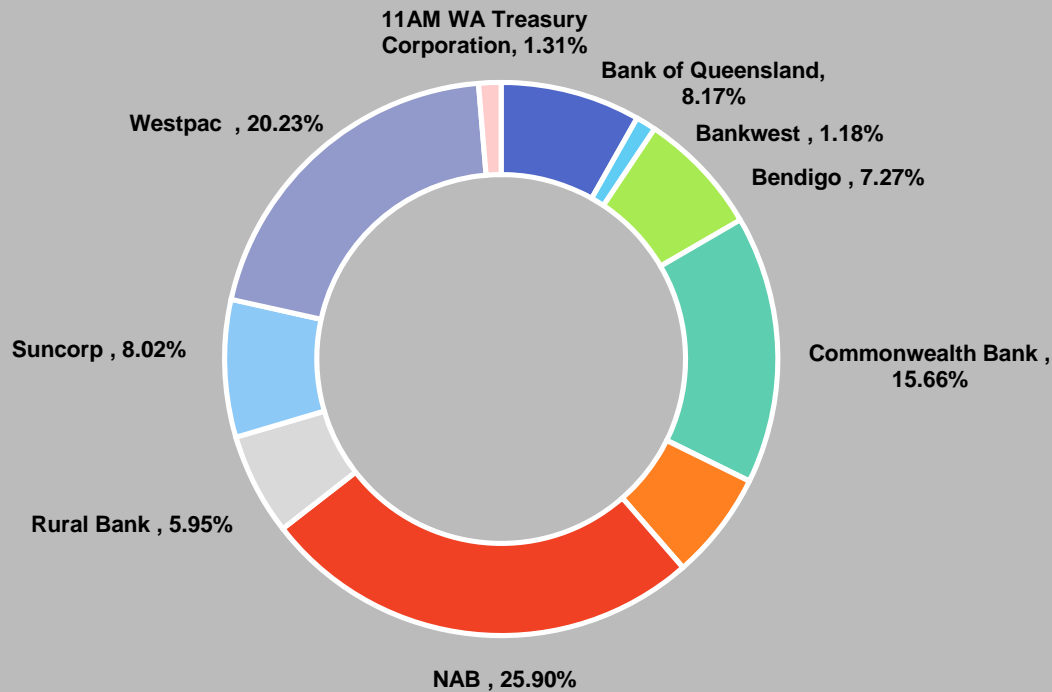


	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(103,410,513)	(103,410,513)	(103,689,389)	278,876	0%
Specified Area Rates		(698,945)	(698,945)	(708,239)	9,294	1%
Grants and Subsidies	2	(5,813,788)	(2,878,644)	(1,591,128)	(1,287,516)	(45)%
Contributions Reimbursements and Donations		(1,013,160)	(546,702)	(542,763)	(3,939)	(1)%
Profit on Asset Disposals	3	(88,946)	(12,452)	(204,351)	191,899	1541%
Fees and Charges		(42,165,954)	(32,320,731)	(32,316,254)	(4,477)	(0)%
Interest Earnings	4	(3,668,336)	(2,424,012)	(2,271,690)	(152,322)	(6)%
Other Revenue/Income	5	(535,856)	(356,956)	(374,229)	17,273	5%
Total Operating Revenue		(157,395,498)	(142,648,956)	(141,698,043)	(950,913)	1%
OPERATING EXPENSES						
Employee Costs	6	65,187,583	33,752,953	32,426,016	1,326,937	4%
Materials and Contracts	7	51,053,002	24,677,456	21,223,365	3,454,091	14%
Utilities (gas, electricity, water etc.)		5,978,544	2,882,502	2,892,567	(10,065)	(0)%
Depreciation & Amortisation of Non-Current Assets		32,590,981	15,600,272	15,571,728	28,544	0%
Loss on Asset Disposals	8	280,841	199,333	264,577	(65,244)	(33)%
Interest Expenses	9	558,311	261,600	289,076	(27,476)	(11)%
Insurance Expenses		1,405,410	1,402,601	1,401,656	945	0%
Total Operating Expenses		157,054,671	78,776,717	74,068,985	4,707,732	6%
(SURPLUS)/DEFICIT FROM OPERATIONS		(340,826)	(63,872,239)	(67,629,058)	3,756,819	6%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(32,590,981)	(15,600,272)	(15,571,728)	(28,544)	(0)%
Loss on Asset Disposal		(280,841)	(199,333)	(264,577)	65,244	33%
Profit on Asset Disposals		88,946	12,452	204,351	(191,899)	1541%
Other Non-Current items						
Movement in Non-current Items	10	(100,000)	(100,000)	264,251	(364,251)	(364)%
OPERATING CASH (SURPLUS)/DEFICIT		(33,223,702)	(79,759,392)	(82,996,761)	3,237,369	4%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(5,234,345)	(1,842,102)	(2,977,202)	1,135,100	62%
Capital Contributions	12	(140,733)	(40,733)	(256,314)	215,581	529%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Other Non-Operating Revenue	13	-	-	(19,274)	19,274	100%
Total Non-Operating Revenue		(5,875,078)	(1,882,835)	(3,252,790)	1,369,955	73%
CAPITAL EXPENDITURE						
Capital Projects	14	3,576,568	1,361,620	1,018,768	342,852	25%
Capital Works	15	35,335,429	12,782,610	11,147,359	1,635,251	13%
Vehicle and Plant Replacements	16	1,860,000	153,000	584,201	(431,201)	(282)%
Loan Repayment Principal		3,324,328	1,027,448	1,677,816	(650,368)	(63)%
Total Capital Expenditure		44,096,325	15,324,678	14,428,144	896,534	6%
CAPITAL (SURPLUS)/DEFICIT		38,221,247	13,441,843	11,175,354	2,266,489	17%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,997,545	(66,317,549)	(71,821,407)	5,503,858	8%
FUNDING						
Proceeds from Disposal	17	(3,178,800)	(2,855,000)	(1,250,536)	(1,604,464)	(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	18	(1,573,189)	(1,573,189)	(5,581,095)	4,007,906	255%
CLOSING FUNDS	19	(348,672)	(70,745,738)	(78,653,038)	7,907,300	11%

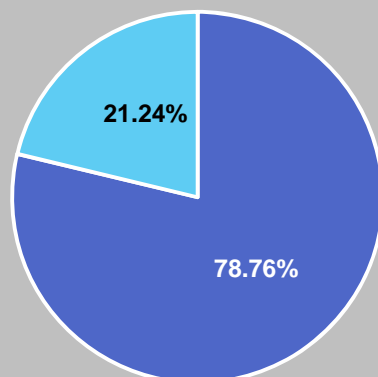


Municipal Funds	\$88,685,897	YTD Return	1.79%
Reserve Funds	\$80,839,103	Benchmark	1.25%
	<u>\$169,525,000</u>	RBA Rate	0.75%

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

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



■ F.I. Investing in Fossil Fuel ■ F.I. Not Investing in Fossil Fuels

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

**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE
PERIOD ENDED 31 DECEMBER 2019**

1. Rates \$278,876

This favourable variance arose mainly from Interim Rates \$271,546 and Ex-Gratia Rates \$8,363.

2. Grants and Subsidies (\$1,287,516)

This unfavourable timing variance arose mainly from Federal General Purpose (WALGGC) Grant (\$818,160) and Federal Road (FLRG) Grant (\$597,483), partially offset by unbudgeted receipt of State Grant funding for Fire Mitigation \$159,520. These values will be adjusted at the Mid Year Budget Review.

3. Profit on Asset Disposals \$191,899

This favourable timing variance arose predominately due to the timing of the disposal of surplus land holdings and profit on sale of land at Tamala Park \$190,484.

4. Interest Earnings (\$152,322)

This unfavourable variance is mainly due to Interest from Other Financial Institutions (\$158,985) mainly due to a lower return from investments.

5. Other Revenue \$17,273

This favourable timing variance arose mainly from favourable timing variance for Rebates Received \$29,827 partially offset by Illuminated Bus Shelter Revenue (\$24,608) due to progress of the new bus shelters roll out.

6. Employee Costs \$1,326,937

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$31,725,841	\$30,705,409	\$1,020,432
b) Other Employment Costs	\$2,027,111	\$1,720,606	\$306,505
	<u>\$33,752,952</u>	<u>\$32,426,015</u>	<u>\$1,326,937</u>

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

Favourable Variance
Unfavourable Variance

- b) Favourable timing variances arose mainly from Labour Recovery Capital Works \$234,342, Other Employee Costs \$76,845 and Staff Training \$73,115, partially offset by an unfavourable variance for Agency Employees (\$93,721) covering vacant positions. The balances of variances are spread across a number of areas.

7. Materials and Contracts

\$3,454,091

	YTD Budget	YTD Actual	Variance
a) Administration	\$923,971	\$568,767	\$355,204
b) Accommodation & Property	\$712,192	\$573,247	\$138,945
c) Members Costs	\$407,077	\$355,126	\$51,951
d) Telephones & Communication	\$463,776	\$392,820	\$70,956
e) Furniture, Equipment & Artworks	\$1,131,010	\$740,185	\$390,825
f) External Service Expenses	\$10,073,894	\$8,365,831	\$1,708,063
g) Contributions & Donations	\$975,601	\$668,726	\$306,875
h) Charges & Recoveries	(\$53,525)	(\$117,102)	\$63,577
i) Professional Fees & Costs	\$1,161,439	\$900,118	\$261,321
j) Public Relations, Advertising & Promotions	\$577,056	\$401,666	\$175,390
k) Waste Management Services	\$4,335,203	\$4,402,726	(\$67,523)
Other Materials & Contracts	\$3,969,762	\$3,971,255	(\$1,493)
	<u>\$24,677,456</u>	<u>\$21,223,365</u>	<u>\$3,454,091</u>

- a) This favourable timing variance arose mainly from Other Sundry Administration Expenses \$178,978, Printing \$61,546 and Photography and Video Production \$22,083. The balances of variances are spread across a number of areas.
- b) This favourable timing variance arose mainly from Refuse Removal Charges \$104,503 and Rental and Outgoings \$28,203. The balances of variances are spread across a number of areas.
- c) This favourable variance arose mainly from Elected Members Conferences and Training \$43,350.
- d) Favourable timing variances arose mainly from Postage, Courier and Freight Services \$21,871 and Office Telephone and Faxes \$51,840, partially offset by an unfavourable timing variance for Mobile Phones, Pager and Radios (\$12,322).
- e) Favourable timing variances arose mainly from Plant and Equipment Purchase – Minor \$153,128, Plant and Equipment Maintenance and Repair \$73,440, Computer and Communications Equipment Maintenance and Repair \$56,710 and Computer and Communications Equipment Purchase – Minor \$132,404.
- f) Favourable timing variances arose mainly from General Waste Tipping Fees \$382,076 and External Contractors and Services \$1,179,469 spread across various areas due to timing of costs including Natural Areas \$391,152 and Buildings \$123,021. The balances of variances are spread across a number of areas.

Favourable Variance
Unfavourable Variance

- g) This favourable timing variance arose mainly from Sponsorship \$174,708 and Community Funding Program \$109,600. The balances of variances are spread across a number of areas.
- h) This favourable timing variance arose mainly from Operational Overhead Recoveries \$76,380. The balances of variances are spread across a number of areas.
- i) Favourable timing variances arose across a number of areas including Recoverable Legal Expenses \$78,234, Consultancy \$112,848 and Licence Fees \$23,630.
- j) Favourable timing variances arose mainly from General Advertising \$71,067 and Promotions \$80,889.
- k) Unfavourable timing variances arose from Bulk Green Waste Collection and Processing (\$118,529), General Waste Collection and Processing (\$57,452) and Bulk Hard Waste Collection and Processing (\$78,466), partially offset by favourable timing variances for Recycling Waste Collection and Processing \$143,594, Domestic Green Waste Collection and Processing \$42,202 and Weekend Greens \$1,127.

8. Loss on Asset Disposals**(\$65,244)**

Unfavourable timing variances arose from Fleet and Plant Disposals (\$12,903) and from the disposal of surplus land (\$49,582).

9. Interest Expense**(\$27,476)**

This unfavourable variance arose due to Interest on Loans (\$37,788) due to the timing of the guarantee fee, offset by reduced interest on lease liability \$9,312.

10. Movement in Non-Current Items**(\$364,251)**

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

11. Capital Grants and Subsidies**\$1,135,100**

	YTD Budget	YTD Actual	Variance
a) State Government – Metropolitan Regional Road Group Roads Grant	\$469,587	\$588,536	\$118,949
b) State Government - Direct Roads Grant	\$409,932	\$533,932	\$124,000
c) Other Grants & Subsidies	-	\$129,000	\$129,000
d) Commonwealth Grants - Other	-	\$200,000	\$200,000
e) State Government Grants - Capital Other	\$454,000	\$937,696	\$483,696
f) Commonwealth Grants - Capital - Roads to Recovery	\$436,983	\$530,027	\$93,044
Other	\$71,600	\$58,011	(\$13,589)
	<u>\$1,842,102</u>	<u>\$2,977,202</u>	<u>\$1,135,100</u>

Favourable Variance**Unfavourable Variance**

- a) This favourable timing variance arose mainly from RDC2021 - Whitfords Avenue / Northshore Drive Roundabout \$235,200, partially offset by unfavourable timing variances for RDC2020 - Warwick Road / Erindale Road Intersection Upgrade (\$114,000) and RDC2019 - Burns Beach Road / Joondalup Drive Roundabout (\$63,400) with these claims not expected until February 2020 and July 2020, respectively. The balances of variances are spread across a number of areas.
- b) This favourable timing variances arose from Direct Grant Roads Program for RPR2973 - Madrona Crescent \$124,000 which was received earlier than estimated.
- c) This favourable timing variance arose from the Public Transport Authority Bicycle Path Grant for FPN2245 - Beach Road WA Bicycle Network Shared Path \$129,000 which was received earlier than estimated.
- d) This favourable variance arose from LTM2128 - Marmion / Edinburgh Pedestrian Crossing Improvements \$200,000 which was received from a State Government election promise.
- e) This favourable variance arose predominantly from a Lotterywest grant for PEP2707 - Whitfords Nodes Park Health and Wellbeing Hub \$592,009 which was received earlier than estimated and is offset by FPN2255 Hillarys Animal Beach Shared Path (\$108,313).
- f) This favourable timing variance arose mainly from RPR2098 – Chelsford Road \$72,000 and RPR2924 – Clontarf Street – Cliff Street to Saint Patricks Road \$34,750 due to projects progress and is offset by RPR3010 Laurel Street (\$17,623) which is now completed. Phasing for these projects will be adjusted at the Mid-Year Budget Review.

12. Capital Contributions

\$215,581

This favourable variance arose from unbudgeted contributions from the Public Transport Authority for Beach Road Shared Path \$125,134 and Emerald Park \$42,500 from the cricket club for the construction of lights for the cricket nets. In addition, a higher than estimated contribution was received for Joondalup Bowling Club Toilet Block Construction \$47,947.

13. Other non-operating revenue

\$19,274

This favourable timing variance arose from GST refunds received from the ATO in respect of TPRC land sales undertaken.

Favourable Variance
Unfavourable Variance

14. Capital Projects**\$342,852**

	YTD Budget	YTD Actual	Variance
a) Cafes/Restaurants/Kiosks	\$171,162	\$90,961	\$80,201
b) CCTV – Mirror Park	\$50,000	-	\$50,000
c) Better Bins Project – 3 Bin System	-	\$113,825	(\$113,825)
d) Automation Accounts Payable	\$222,900	\$83,636	\$139,264
e) Joondalup Performing Arts & Cultural Facility	\$84,236	\$9,356	\$74,880
f) Other Programs	\$833,322	\$720,990	\$112,332
	<u>\$1,361,620</u>	<u>\$1,018,768</u>	<u>\$342,852</u>

- a) This favourable timing variance is due to the design phase of the project requiring a scope variation requested by the Major Projects and Finance Committee. Future expenditure and phasing for this project will be adjusted at the Mid Year Budget Review.
- b) This favourable timing variance arose due to the progress of this project which is due to commence in coming months.
- c) This unfavourable timing variance arose due to carry forward of this project from the previous year, which will be updated in the mid year Budget review.
- d) This favourable timing variance arose due to the project progressing behind budget estimates.
- e) Following Council's decision not to commence detailed design at this time, this favourable timing variance has arisen due to further required project investigation and research progressing behind schedule. Expenditure and phasing for this project will be adjusted at the Mid-Year Budget Review.
- f) Favourable timing variances due to projects progress arose across the program including Council Chamber Audio Visual System \$43,750, Network Infrastructure Upgrade Program \$33,429 and Antenna Reid Promenade \$29,500.

Favourable Variance**Unfavourable Variance**


15. Capital Works
\$1,635,251

		No. Budgeted Projects	YTD Budget	YTD Actual	Variance	Key Variances
a)	Foreshore and Natural Areas Management Program (FNM)	6	\$445,000	\$371,317	\$73,683	FNM2054 - \$57,204
b)	Major Building Capital Works Program (BCW)	12	\$ 971,699	\$1,129,002	(\$157,303)	BCW2622 - (\$184,679) BCW2573 - (\$95,084)
c)	Parking Facilities Program (PFP)	3	\$6,500	\$168,073	(\$161,573)	PFP2067 - (\$161,231)
d)	Major Projects Program (MPP)	13	\$1,849,802	\$872,380	\$977,422	MPP2072 - \$710,393 MPP2065 - \$117,655
e)	Road Preservation/Resurfacing Program (RPR)	80	\$3,003,077	\$2,448,315	\$554,762	RPR2992 - \$121,263
f)	Street Lighting Program (STL)	13	\$839,000	\$769,007	\$69,993	STL2003 - (\$205,706)
g)	Major Road Construction Program (RDC)	3	\$316,332	\$107,143	\$209,189	RDC2019 - \$213,200
h)	Paths Program (FPN & FPR)	36	\$1,968,500	\$2,391,992	(\$423,492)	FPN2240 - (\$345,490) FPN2262 - (\$118,245)
i)	Streetscape Enhancement Program (SSE)	4	\$310,000	\$398,537	(\$88,537)	SSE2055 - (\$63,535)
j)	Stormwater Drainage (SWD)	10	\$544,500	\$279,425	\$184,450	SWD2199 - \$208,745 SWD2181 - \$127,829
k)	Parks Development Program (PDP)	22	\$791,000	\$606,550	\$184,450	PDP2272 - \$118,849 PDP2311 - \$63,954
l)	Parks Equipment Program (PEP)	23	\$1,485,200	1,397,935	87,265	PEP2789 - \$105,736
	Other Programs	13	\$252,000	207,683	\$44,317	
		238	\$12,782,610	\$11,147,359	\$1,635,251	

Favourable Variance
Unfavourable Variance

- a) This favourable timing variance arose mainly due to progress of FNM2054 – Whitfords Nodes Hillarys Lookout Stairway \$57,204 with expenditure on this project expected to increase in coming months. Further favourable variance has occurred on FNM2076 Natural Areas Asset Program \$35,921 with the project 100% completed.
- b) Unfavourable variances arose mainly from projects progressing ahead of schedule including BCW2573 – Short Life Services Replacement Program (\$95,084), BCW2622 - Falkland Park Extension (\$184,679), BCW2635 – Joondalup Bowling Club Toilet Construction (\$26,482) and BCW3664 - Duffy House Restoration (\$28,059). This is partially offset by favourable timing variances for BCW2632 – Kingsley Community Vision \$28,059, BCW2560 – Septic System Upgrades \$46,957, BCW2025 Building Capital Works Various Locations \$68,610 and BCW2450 Environmental Initiatives \$29,307 which are all progressing ahead of scheduled.
- c) This unfavourable variance relates to completed project PFP2067 - Hillarys Animal Beach (\$161,231) which was carried forward from the previous year and includes an overspend of (\$65,674) and shall be adjusted at the Mid-Year Budget Review.
- d) Favourable timing variances arose from several projects which are in progress including MPP2072 Percy Doyle – Utilities Upgrade \$710,393, MPP2026 Works Operation Centre Extension \$26,647, MPP2034 Joondalup Admin Building Major Refurbish \$46,009, MPP2065 Percy Doyle – Sorrento Bowling Clubroom \$117,655 which is completed awaiting invoices. MPP2053 Jinan Gardens Construction \$103,775 which is currently in design and MPP2006 Cafes and Kiosks – Pinnaroo Point \$33,000 is being investigated. MPP2067 Percy Doyle – Midenhall \$40,325 and MPP2069 Percy Doyle Floodlighting \$42,621 are currently in progress with completion expected in June 2020.
- e) The favourable variance on the Road Preservation Program mainly relates to 43 completed projects with a variance totalling \$407,521 awaiting supplier invoices. Further variances have occurred on RPR3025 – Elfreda Avenue \$62,587 which has been delayed until February 2020 and RPR3020 Kinross/Blairstown Roundabout \$19,610 due to the project delayed until March 2020. RPR2004 Road Preservation & resurfacing Program variance totals \$86,426 which is slightly behind however the project is an annual program.
- f) This unfavourable timing variance arose predominantly from STL2003 - Joondalup City Centre Street Lighting (\$205,706) which is progressing ahead of schedule with Stage 3 now completed and Stage 4 programmed to commence in February . This is offset by a favourable timing variance for STL2073 Ellersdale Park Floodlighting Upgrades \$192,376 which is programmed to commence construction in January 2020. Further favourable variances have occurred on STL2089 Falkland Pk Security Lighting \$19,295 which is due to be completed at the end of January and STL2083 Thornton Pk Pathway Lighting \$21,687 which is currently in quotation.
- g) This favourable timing variance mainly arose from RDC2019 - Burns Beach Road/Joondalup Drive \$213,200 which is being delivered by Main Roads.
- h) This unfavourable timing variance mainly arose from FPN2262 Beach Road (West) Shared Path (\$118,245) which was carried forward from the previous year and FPN2240 Burns Beach to Mindarie Dual Use Path (\$345,490) which is currently in

Favourable Variance

Unfavourable Variance

progress. This is offset by a favourable variance on FPR2251 Whitfords Ave \$60,000 which is expected to be completed in June 2020.

- i) Streetscape Enhancement Program unfavourable variance includes SSE2055 Streetscape Renewal Program (\$63,535) which is currently in progress and SSE2056 City Centre Streetscape Renewal Program (\$24,128) which is currently in quotation phase.
- j) This favourable timing variance mainly arose from SWD2181 Princeville Tor \$127,829 and SWD2199 Simpson Park \$208,745 which are in progress. This is partially offset by SWD2133 Northshore Sump (\$63,623) from a carried forward project.
- k) This favourable variance mainly arose from PDP2272 Heritage Precinct Development \$118,849 which is being investigated and PDP2311 Seacrest Park \$63,957 which is completed awaiting outstanding invoices.
- l) This favourable timing variance arose PEP2789 Wolinski Park Playspace Renewal \$105,736 and Kelvin Park Playspace Renewal \$53,544 partially offset by PEP2707 Whitfords Nodes Park Health & Wellbeing Hub (\$142,420) with the balance spread across the program.

16. Vehicle and Plant Replacements

(\$431,201)

This unfavourable timing variance arose mainly from one Tip Truck (\$246,780) and seven items of Plant (\$214,772) carried forward from the previous year. This will be adjusted at the Mid Year Budget Review. This is partially offset by a favourable timing variance for a Mower / Slasher \$70,000 to be ordered in coming months. Orders totalling \$859,384 have been placed and are awaiting delivery.

17. Proceeds from Disposal

(\$1,604,464)

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. This partially offset by a favourable timing variance from Vehicle and Plant Disposals \$32,118.

18. 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.

Favourable Variance
Unfavourable Variance

19. Closing Funds**\$7,907,300**

	June 2019	December 2019
Current Assets		
Cash and Investments	\$111,629,542	\$169,463,749
Rates Outstanding, Sundry Debtors and Other Receivables	\$4,014,542	\$21,112,183
Accrued Income	\$1,437,933	\$948,404
Prepayments	\$475,123	\$403,670
Inventories	\$245,434	\$244,447
Total Current Assets	\$117,802,574	\$192,172,453
Current Liabilities		
Trade Creditors	\$4,911,992	\$2,406,844
Sundry Payables	\$563,195	\$10,895,515
Accrued Expenses	\$5,512,097	\$2,356,123
Other Payables	\$4,150,599	-
Borrowings	\$3,324,328	\$1,677,817
Provision for Annual Leave	\$4,644,369	\$4,478,815
Provision for Long Service Leave	\$6,285,252	\$6,274,780
Provision for Workers Compensation Insurance	\$2,562,776	\$3,515,634
Provision for Sick Leave	\$994,195	\$1,018,310
Other Provisions	\$194,957	\$171,348
Total Current Liabilities	\$33,143,760	\$32,795,186
Net Current Assets	\$84,658,814	\$159,377,268
Add back: Borrowings	\$3,324,328	\$1,677,817
Less: Cash Backed Reserves	\$82,402,047	\$82,402,047
Closing Funds – Surplus/(Deficit)	\$5,581,095	\$78,653,038

Favourable Variance
Unfavourable Variance