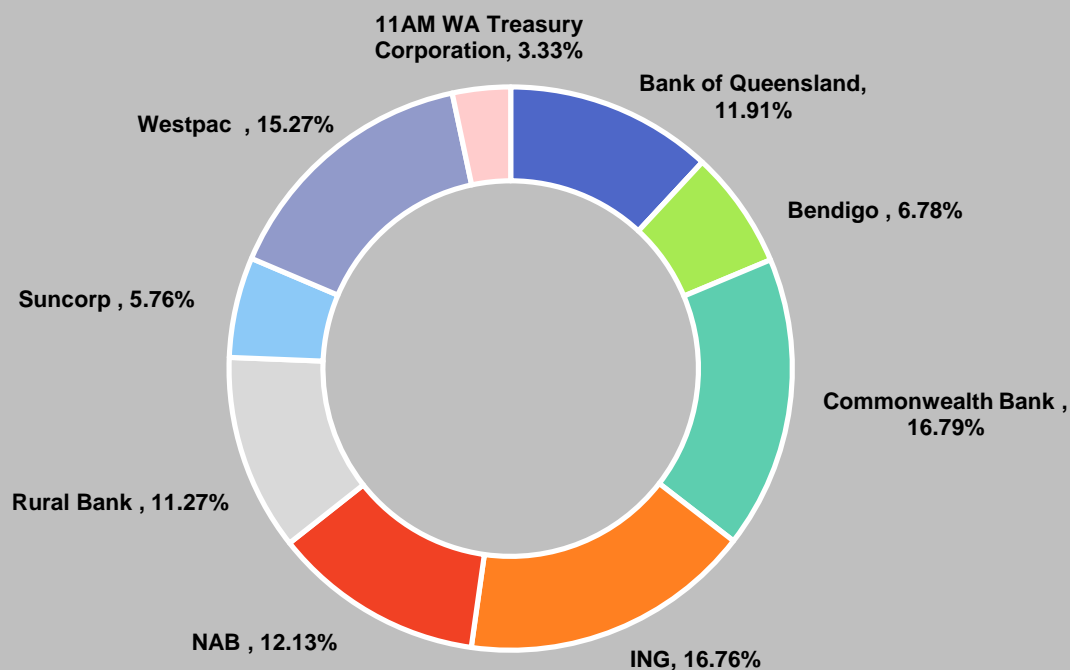


| | Notes | Revised Budget | YTD Revised Budget | YTD Actual | YTD Variance \$ | YTD Variance % |
|--|-------|----------------------|-----------------------|----------------------|--------------------|----------------------|
| OPERATING REVENUE | | | | | | |
| Rates | 1 | (103,689,389) | (103,689,389) | (103,769,569) | 80,180 | 0% |
| Specified Area Rates | | (708,239) | (708,239) | (708,991) | 752 | 0% |
| Grants and Subsidies | 2 | (3,281,243) | (2,327,185) | (2,440,362) | 113,177 | 5% |
| Contributions Reimbursements and Donations | | (1,098,152) | (820,289) | (787,899) | (32,390) | (4)% |
| Profit on Asset Disposals | | (330,299) | (280,875) | (288,293) | 7,418 | 3% |
| Fees and Charges | 3 | (41,778,996) | (36,994,010) | (36,736,641) | (257,369) | (1)% |
| Interest Earnings | | (3,448,964) | (2,990,155) | (3,026,723) | 36,568 | 1% |
| Other Revenue/Income | | (528,651) | (448,651) | (431,028) | (17,623) | (4)% |
| Total Operating Revenue | | (154,863,931) | (148,258,793) | (148,189,506) | (69,287) | 0% |
| OPERATING EXPENSES | | | | | | |
| Employee Costs | 4 | 64,393,916 | 48,631,414 | 47,791,528 | 839,886 | 2% |
| Materials and Contracts | 5 | 53,992,338 | 36,271,981 | 33,169,016 | 3,102,965 | 9% |
| Utilities (gas, electricity, water etc.) | 6 | 6,070,714 | 4,501,962 | 4,422,422 | 79,540 | 2% |
| Depreciation & Amortisation of Non-Current Assets | 7 | 32,210,956 | 23,944,980 | 23,113,542 | 831,438 | 3% |
| Loss on Asset Disposals | 8 | 662,015 | 337,917 | 274,852 | 63,065 | 19% |
| Interest Expenses | | 511,296 | 381,574 | 402,090 | (20,516) | (5)% |
| Insurance Expenses | | 1,403,330 | 1,401,656 | 1,417,574 | (15,918) | (1)% |
| Total Operating Expenses | | 159,244,565 | 115,471,484 | 110,591,024 | 4,880,460 | 4% |
| (SURPLUS)/DEFICIT FROM OPERATIONS | | 4,380,636 | (32,787,309) | (37,598,482) | 4,811,173 | 15% |
| OPERATING NON-CASH ADJUSTMENTS | | | | | | |
| Depreciation & Amortisation of Non Current Assets | | (32,210,956) | (23,944,980) | (23,113,542) | (831,438) | (3)% |
| Loss on Asset Disposal | | (662,015) | (337,917) | (274,852) | (63,065) | (19)% |
| Profit on Asset Disposals | | 330,299 | 280,875 | 288,293 | (7,418) | 3% |
| Other Non-Current items | | | | | | |
| Movement in Non-current Items | 9 | (100,000) | (100,000) | 188,612 | (288,612) | (289)% |
| OPERATING CASH (SURPLUS)/DEFICIT | | (28,262,037) | (56,889,331) | (60,509,971) | 3,620,640 | 6% |
| NON-OPERATING REVENUE | | | | | | |
| Capital Grants and Subsidies | 10 | (7,062,993) | (4,071,288) | (3,241,276) | (830,012) | (20)% |
| Capital Contributions | 11 | (1,137,368) | (357,368) | (401,006) | 43,638 | 12% |
| Equity Distribution - TPRC | | (500,000) | - | - | - | 0% |
| Other Non-Operating Revenue | 12 | (19,274) | (19,274) | (62,405) | 43,131 | 100% |
| Total Non-Operating Revenue | | (8,719,635) | (4,447,930) | (3,704,687) | (743,243) | (17)% |
| CAPITAL EXPENDITURE | | | | | | |
| Capital Projects | 13 | 3,577,896 | 1,701,039 | 1,351,326 | 349,713 | 21% |
| Capital Works | | 37,400,464 | 16,774,640 | 16,731,049 | 43,591 | 0% |
| Vehicle and Plant Replacements | 14 | 2,294,161 | 994,431 | 1,064,921 | (70,490) | (7)% |
| Loan Repayment Principal | | 3,324,328 | 2,481,462 | 2,481,462 | - | 0% |
| Equity Investment | | - | - | - | - | (100)% |
| Total Capital Expenditure | | 46,596,849 | 21,951,572 | 21,628,758 | 322,814 | 1% |
| CAPITAL (SURPLUS)/DEFICIT | | 37,877,214 | 17,503,642 | 17,924,071 | (420,429) | (2)% |
| (SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL | | 9,615,174 | (39,385,689) | (42,585,900) | 3,200,211 | 8% |
| FUNDING | | | | | | |
| Proceeds from Disposal | 15 | (3,222,881) | (1,474,760) | (1,292,398) | (182,362) | (12)% |
| Loans - New Borrowings | | - | - | - | - | 0% |
| Transfer from Trust | | (2,189,285) | - | - | - | 0% |
| Transfer from Reserve | | (15,292,263) | - | - | - | 0% |
| Transfer to Reserve | | 13,091,020 | - | - | - | 0% |
| Transfer to Accumulated Surplus | | - | - | - | - | 0% |
| Transfer from Accumulated Surplus | | - | - | - | - | 0% |
| Opening Funds | | (5,581,095) | (5,581,095) | (5,581,095) | - | 0% |
| CLOSING FUNDS | 16 | (3,579,330) | (46,441,544) | (49,459,393) | 3,017,849 | 6% |

INVESTMENT SUMMARY

March-20

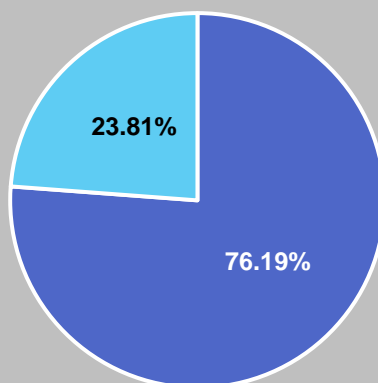


| | | | |
|-----------------|----------------------|------------|-------|
| Municipal Funds | \$68,643,633 | YTD Return | 1.60% |
| Reserve Funds | \$80,576,367 | Benchmark | 1.25% |
| | <u>\$149,220,000</u> | RBA Rate | 0.25% |

| <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

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 MARCH 2020

1. Rates

\$80,180

This favourable variance arose mainly from Interim Rates \$88,543.

2. Grants and Subsidies

\$113,177

This favourable variance arose from the City being successful in grant applications from the Department of the Environment and Energy. Four project grants for \$20,000 each were received for Projects Coastal Fencing, Littorina Park Natural Area rehabilitation, Warwick Open Space bushland and Trigonometric Park natural area. In addition the fourth quarterly grant of \$22,725 from the Department of Fire and Emergency Service in respect of the Joondalup-Wanneroo SES Unit was received earlier than scheduled.

3. Fees and Charges

(\$257,369)

| | YTD Budget | YTD Actual | Variance |
|--------------------------------|---------------------|---------------------|--------------------|
| a) Refuse Charges | \$20,630,013 | \$20,697,462 | \$67,449 |
| b) Building & Development Fees | \$1,247,400 | \$1,300,422 | \$53,022 |
| c) Sports & Recreation Fees | \$7,125,429 | \$6,885,952 | (\$239,477) |
| d) Fines & Penalties | \$1,192,876 | \$1,104,693 | (\$88,183) |
| e) Parking Fees | \$2,706,442 | \$2,764,861 | \$58,419 |
| Other Fees & Charges | \$4,091,850 | \$3,983,251 | (\$108,599) |
| | <u>\$36,994,010</u> | <u>\$36,736,641</u> | <u>(\$257,369)</u> |

- a) A favourable variance predominantly arising from Domestic Refuse Removal Charges \$ 39,277.
- b) Favourable variances arose from Development Application Fees \$34,359 and Land Purchase Enquiries \$18,470.
- c) Unfavourable variances arose due to the closure of the Leisure Centres and Facilities due to the COVID-19 Pandemic. Variances included Learn to Swim Program (\$92,701), Admission Fees (\$91,284) and Other Hire of Facilities (\$79,826).
- d) Unfavourable variances arose mainly from Parking Infringements (\$63,847) and Poundage Fees (\$12,366).
- e) Favourable variances arose from Multi Storey Car Park Fees \$65,246 and On Street Parking Fees \$26,904, partially offset by a unfavourable variance for Off Street Parking Fees (\$33,869).

Favourable Variance

Unfavourable Variance

4. Employee Costs

\$839,886

| | YTD Budget | YTD Actual | Variance |
|---------------------------|---------------------|---------------------|------------------|
| a) Salaries and Wages | \$46,474,704 | \$45,909,883 | \$564,821 |
| b) Other Employment Costs | \$2,156,710 | \$1,881,645 | \$275,065 |
| | <u>\$48,631,414</u> | <u>\$47,791,528</u> | <u>\$839,886</u> |

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

g) Favourable timing variances arose mainly from Other Employee Costs \$186,002 and Standard Labour Recoveries Capital \$131,108, offset by agency costs (\$149,846) to cover some vacant positions.

5. Materials and Contracts

\$3,102,965

| | YTD Budget | YTD Actual | Variance |
|---|---------------------|---------------------|--------------------|
| a) Administration | \$998,979 | \$784,118 | \$214,861 |
| b) Accommodation & Property | \$789,413 | \$709,299 | \$80,114 |
| c) Members Costs | \$571,341 | \$502,824 | \$68,517 |
| d) Furniture, Equipment & Artworks | \$1,628,768 | \$1,386,244 | \$242,524 |
| e) External Service Expenses | \$14,775,873 | \$13,351,680 | \$1,424,193 |
| f) Contributions & Donations | \$1,248,541 | \$980,770 | \$267,771 |
| g) Other Materials | \$1,631,566 | \$1,706,484 | (\$74,918) |
| h) Computing | \$1,766,097 | \$1,698,596 | \$67,501 |
| i) Public Relations, Advertising & Promotions | \$872,683 | \$600,982 | \$271,701 |
| j) Professional Fees & Costs | \$1,727,702 | \$1,311,994 | \$415,708 |
| Other Materials & Contracts | <u>\$10,261,018</u> | <u>\$10,136,025</u> | <u>\$124,992</u> |
| | <u>\$36,271,981</u> | <u>\$33,167,016</u> | <u>\$3,102,965</u> |

a) This favourable timing variance arose mainly from Printing \$57,293, Photography and Video Production \$38,785 and Council Election Costs \$32,967, with the balance of variances are spread across a number of areas.

b) This favourable variance arose mainly from Refuse Removal Charges \$46,328 and Rental and Outgoings \$16,670. The balances of variances are spread across a number of areas.

c) This favourable variance arose mainly from Elected Members Conferences and Training \$56,344.

d) Favourable timing variances arose mainly from Computer & Communications Equipment Purchase-Minor \$203,912. The balance of variances are spread across a number of areas.

e) Favourable variances arose mainly from General Waste Tipping Fees \$229,758 and External Contractors and Services \$1,121,411 spread across various areas due to timing of costs including Natural Areas \$320,234, CEO Administration \$199,112, City

| |
|------------------------------|
| Favourable Variance |
| Unfavourable Variance |

Projects \$104,692 and Parks \$65,966. The balances of variances are spread across a number of areas.

- f) This favourable variance arose mainly from Grants & Contributions Made \$181,570 and Community Funding Program \$51,299. The balances of variances are spread across a number of areas.
- g) This unfavourable timing variance arose predominantly from External Material Purchases – Contract (\$132,216) and External Materials-Day Labour (\$46,090).
- h) This favourable variance arose mainly from Data Communication Links \$51,084. The balances of variances are spread across a number of areas.
- i) Favourable variances arose across a number of areas including Advertising-General \$135,840 and Promotions \$52,421.
- j) Favourable timing variances arose mainly from Consultancy \$237,303 and Legal Expenses Recoverable \$63,378.

6. Utilities

\$79,540

Favourable timing variances arose mainly from Electricity costs for Roads \$126,105, Buildings \$26,196 partially offset by a favourable timing variance for Parks (\$72,939). The balances of variances are spread across a number of areas.

7. Depreciation

\$831,438

Favourable variances arose for Impairment/Write off assets \$713,128, Depreciation – Buildings \$64,148 and Depreciation – Open Reserves \$28,036. The balances of the variances are spread across a number of areas.

8. Loss on Asset Disposals

\$63,065

This favourable timing variance arose predominately from the sale of Vehicle, Plant and Equipment which is expected to be disposed in coming months.

9. Movement in Non-Current Items

(\$288,612)

This timing variance arose in respect of a decrease to Non-current Long Service Leave Liability, which is long service leave accrued in respect of service less than 7 years and not yet eligible to be paid out or accessed.

10. Capital Grants and Subsidies

(\$830,012)

| | YTD Budget | YTD Actual | Variance |
|--|-------------|------------|-------------|
| a) State Government Grants – Capital Other | \$1,295,696 | \$964,526 | (\$331,170) |

Favourable Variance
Unfavourable Variance

b) State Government – MRRG Roads Grant

\$1,268,521 \$660,162 (\$608,359)

c) Commonwealth Grant-Road to Recovery

\$542,128 \$651,645 \$109,517

Other Programs

\$964,943 \$964,943 -

\$4,071,288 \$3,241,276 (\$830,012)

- a) This unfavourable variance arose predominantly from RDC2019 Burns Beach Rd (\$384,000) with the project being delivered by Main Roads and has been delayed, funding now expected in July 2020. Unfavourable timing variance arose for RPR3034 Eddystone Ave Craigie (\$30,320), RPR3032 Warwick Rd (\$82,360), RPR2890 Forrest Rd (EB) (\$22,693), RPR2888 Forrest & Alexandra (\$16,160) RPR3033 Lilburne Rd (\$40,053), RPR2501 Glengarry Dr (\$15,120) and RPR2891 W3842 Glengarry Dr (\$17,653) with funding expected in the coming months.
- b) Unfavourable variance arose predominantly in relation to the final grant instalment for the Better Bins Project (\$354,000) which is now expected to be received only in the next financial year.
- c) Roads to Recovery is progressing ahead of schedule with funding received earlier than expected for RPR2004 W1108 Road Preservation & Resurfacing Program \$75,000. The balance is spread across a number of projects.

11. Capital Contributions

\$43,638

This favourable variance arose from a contribution received for the Northshore Avenue Sump Renewal Works \$45,442.

12. Other non-operating revenue

\$43,131

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

13. Capital Projects

\$349,713

| | YTD Budget | YTD Actual | Variance |
|------------------------------------|--------------------|--------------------|------------------|
| a) Automation Accounts Payable | \$267,060 | \$112,730 | \$154,330 |
| c) Cafes/Restaurants/Kiosks | \$189,187 | \$115,299 | \$73,888 |
| d) IT Disaster Recovery Facilities | \$59,810 | \$144,105 | (\$84,295) |
| Other Projects | \$1,184,982 | \$979,192 | \$205,790 |
| | <u>\$1,701,039</u> | <u>\$1,351,326</u> | <u>\$349,713</u> |

- a) This favourable timing variance arose due to the project progressing behind initial estimates with expenditure to increase over the coming months.
- b) Expenditure of this project is anticipated to increase over the coming months, as this project progresses.

Favourable Variance
Unfavourable Variance

- c) An unfavourable timing variance arose due to this project progressing ahead of budget phasing.

14. Vehicle and Plant Replacements

(\$70,490)

This unfavourable timing variance arose due to the purchase of three Mowers ahead of budget phasing.

15. Proceeds from Disposal

(\$182,362)

The timing of the disposal of Fleet and Plant assets relative to budget estimates generated an unfavourable variance of (\$182,362).

16. Closing Funds

\$3,017,849

| | June 2019 | March 2020 |
|---|----------------------|----------------------|
| Current Assets | | |
| Cash and Investments | \$111,629,542 | \$149,226,400 |
| Rates Outstanding, Sundry Debtors and Other Receivables | \$4,014,542 | \$3,723,887 |
| Accrued Income | \$1,437,933 | \$1,134,485 |
| Prepayments | \$475,123 | \$337,781 |
| Inventories | \$245,434 | \$171,655 |
| Total Current Assets | \$117,802,574 | \$154,594,208 |
| Current Liabilities | | |
| Trade Creditors | \$4,911,992 | \$565,582 |
| Sundry Payables | \$563,195 | \$3,405,118 |
| Accrued Expenses | \$5,512,097 | \$3,834,701 |
| Other Payables | \$4,150,599 | - |
| Borrowings | \$3,324,328 | \$842,865 |
| Provision for Annual Leave | \$4,644,369 | \$4,514,820 |
| Provision for Long Service Leave | \$6,285,252 | \$6,223,644 |
| Provision for Workers Compensation Insurance | \$2,562,776 | \$2,879,457 |
| Provision for Sick Leave | \$994,195 | \$1,146,442 |
| Other Provisions | \$194,957 | \$163,004 |
| Total Current Liabilities | \$33,143,760 | \$23,575,634 |
| Net Current Assets | \$84,658,814 | \$131,018,574 |
| Add back: Borrowings | \$3,324,328 | \$842,865 |
| Less: Cash Backed Reserves | \$82,402,047 | \$82,402,047 |
| Closing Funds – Surplus/(Deficit) | \$5,581,095 | \$49,459,393 |

Favourable Variance
Unfavourable Variance