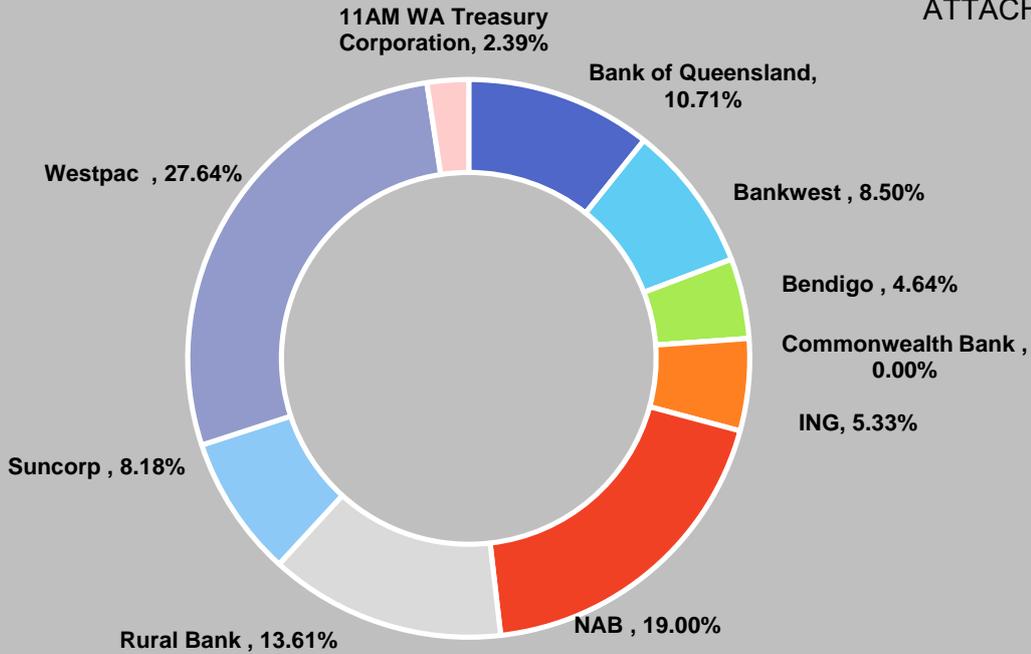


	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(103,410,513)	(103,202,513)	(103,211,633)	9,120	0%
Specified Area Rates		(698,945)	(698,945)	(698,942)	(3)	(0)%
Grants and Subsidies	1	(5,813,788)	(31,418)	(10,990)	(20,428)	(65)%
Contributions Reimbursements and Donations	2	(1,013,160)	(85,036)	(114,113)	29,077	34%
Profit on Asset Disposals		(88,946)	-	-	-	0%
Fees and Charges		(42,165,954)	(22,936,392)	(22,921,413)	(14,979)	(0)%
Interest Earnings	3	(3,668,336)	(238,451)	(268,410)	29,959	13%
Other Revenue/Income	4	(535,856)	(178,478)	(115,907)	(62,571)	(35)%
Total Operating Revenue		(157,395,498)	(127,371,232)	(127,341,408)	(29,824)	0%
OPERATING EXPENSES						
Employee Costs	5	65,187,584	6,341,615	6,043,192	298,423	5%
Materials and Contracts	6	51,053,002	3,982,760	3,093,970	888,790	22%
Utilities (gas, electricity, water etc.)	7	5,978,544	481,793	521,516	(39,723)	(8)%
Depreciation & Amortisation of Non-Current Assets	8	32,590,981	2,667,582	2,568,423	99,159	4%
Loss on Asset Disposals	9	280,841	86,000	-	86,000	100%
Interest Expenses	10	558,311	44,989	55,853	(10,864)	(24)%
Insurance Expenses		1,405,410	813,164	816,889	(3,725)	(0)%
Total Operating Expenses		157,054,672	14,417,903	13,099,843	1,318,060	9%
(SURPLUS)/DEFICIT FROM OPERATIONS		(340,825)	(112,953,329)	(114,241,565)	1,288,236	1%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(32,590,981)	(2,667,582)	(2,568,423)	(99,159)	(4)%
Loss on Asset Disposal		(280,841)	(86,000)	-	(86,000)	(100)%
Profit on Asset Disposals		88,946	-	-	-	0%
Other Non-Current items						
Movement in Non-current Items	11	(100,000)	(100,000)	(23,708)	(76,292)	(76)%
OPERATING CASH (SURPLUS)/DEFICIT		(33,223,701)	(115,806,911)	(116,833,696)	1,026,786	1%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	12	(5,234,345)	(64,333)	(466,101)	401,768	100%
Capital Contributions	13	(140,733)	(40,733)	(71,487)	30,754	76%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Equity Investments	14	-	-	(4,690)	4,690	100%
Total Non-Operating Revenue		(5,875,078)	(105,066)	(542,278)	437,212	416%
CAPITAL EXPENDITURE						
Capital Projects	15	3,576,568	235,463	84,121	151,342	64%
Capital Works	16	35,335,429	724,234	572,816	151,418	21%
Vehicle and Plant Replacements	17	1,860,000	70,000	19,204	50,796	73%
Total Capital Expenditure		40,771,997	1,029,697	676,141	353,556	34%
CAPITAL (SURPLUS)/DEFICIT		34,896,919	924,631	133,863	790,768	86%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		1,673,218	(114,882,280)	(116,699,833)	1,817,554	2%
FUNDING						
Proceeds from Disposal	18	(3,178,800)	(1,634,000)	-	(1,634,000)	(100)%
Loan Repayment Principal		3,324,328	206,590	206,590	-	0%
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	19	(1,573,189)	(1,573,189)	-	(1,573,189)	(100)%
CLOSING FUNDS	20	(348,672)	(117,882,879)	(116,493,243)	(1,389,636)	(1)%

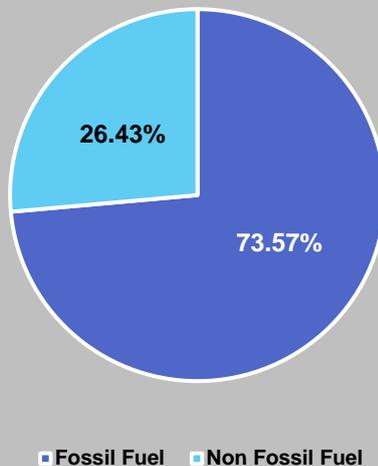


Municipal Funds	\$38,789,380	YTD Return	2.52%
Reserve Funds	\$73,860,620	Benchmark	1.50%
	<u>\$112,650,000</u>	RBA Rate	1.00%

Investment Policy Limits					
	<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 JULY 2019 (Subject to finalisation of 2018-19 End of Year)

1. Grants and Subsidies (\$20,428)

This unfavourable timing variance arose mainly from Local Government Support Scheme - SES (\$14,418) and Clubs in Focus (\$10,000) partially offset by advance receipt of State Grant funding for Volunteering \$3,990.

2. Contributions, Reimbursements and Donations \$29,077

This favourable timing variance arose mainly from Sponsorships \$24,000, Insurance \$8,579 and contributions for Utility Charges \$7,800, partially offset by an unfavourable timing variance for Other Miscellaneous Charges (\$11,312). The balances of variances are spread across other areas.

3. Interest Earnings \$29,959

Favourable timing variances arose from Interest on Investments \$27,398 and Interest on Instalments \$2,621.

4. Other Revenue / Income (\$62,571)

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

5. Employee Costs \$298,423

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$5,473,030	\$5,245,351	\$227,679
b) Other Employment Costs	\$868,585	\$797,841	\$70,744
	<u>\$6,341,615</u>	<u>\$6,043,192</u>	<u>\$298,423</u>

Favourable Variance
Unfavourable Variance

- a) Favourable timing variances arose for Salaries and Wages in various areas, including Parks \$104,193, Planning and Development \$72,348, Planning Services \$47,054, Infrastructure Services \$44,069 and Audit and Risk Services \$31,041. The balances of variances are spread across a number of areas.
- b) Favourable timing variances arose from Staff Training \$31,608, Labour Recovery Capital Works \$24,303 and Other Employee Costs \$12,822. The balances of variances are spread across a number of areas.

6. Materials and Contracts
\$888,790

	YTD Budget	YTD Actual	Variance
a) Administration	\$135,147	\$82,630	\$52,517
b) Contributions & Donations	\$147,287	\$49,728	\$97,559
c) Computing	\$461,224	\$317,536	\$143,688
d) Other Building Materials & Supplies	\$103,086	\$178,403	(\$75,317)
e) Books & Publications	\$108,363	\$43,965	\$64,398
f) External Service Expenses	\$1,332,181	\$1,035,744	\$296,437
g) Waste Management Services	\$682,259	\$563,078	\$119,181
h) Other Materials & Contracts	\$1,013,213	\$822,886	\$190,327
	<u>\$3,982,760</u>	<u>\$3,093,970</u>	<u>\$888,790</u>

- a) This favourable timing variance arose mainly from Other Sundry Administration Expenses \$30,687 and Corporate Membership Expenses \$21,675.
- b) This favourable timing variance was predominantly due to Grants and Contributions \$71,144 and Sponsorship \$23,678.
- c) A favourable timing variance arose from Computer Software Subscriptions \$191,550, partially offset by unfavourable timing variances for Computer Software Maintenance (\$39,432) and Computer Software Licences (\$8,192).
- d) Unfavourable timing variances arose for External Material Purchases – Contract (\$77,709) and Trading Stock (\$22,482), partially offset by a favourable timing variance for Materials - Minor Building Works \$24,500.
- e) This favourable timing variance predominantly arose from Subscriptions \$61,867. The balances of variances are spread across a number of areas.
- f) Favourable timing variances arose mainly from External Contractors and Services \$190,491, General Waste Tipping Fees \$91,718 and Consumable Chemicals \$6,028.
- g) This favourable timing variance arose from Domestic Green Waste Collection and Processing \$128,635, Recycling Collection and Processing \$20,256 and General Waste Collection \$14,372. This is partially offset by unfavourable timing variances for Bulk Green Waste Collection and Processing (\$23,035) and Bulk Hard Waste Collection and Processing (\$21,047).

Favourable Variance
Unfavourable Variance

- h) This favourable timing variance arose from Charges and Recoveries \$42,183, Furniture, Equipment and Artworks \$38,244, Telephones and Communications \$31,287, Accommodation and Property \$29,273, Public Relations, Advertising and Promotions \$10,023, Travel, Vehicles and Plant \$8,525 and Members Costs \$8,109, partially offset by an unfavourable timing variance for Finance Related Costs (\$3,471).

7. Utilities **(\$39,723)**

Unfavourable timing variances arose from Electricity costs for Lighting (\$28,189), Parks (\$7,216) and Leisure Centres (\$6,412), partially offset by a favourable timing variance for Water \$2,999.

8. Depreciation & Amortisation of Non-Current Assets **\$99,159**

2018/19 asset values are being finalised as part of the end of year audit. The effect of this has not yet impacted upon the 2019/20 depreciation figures. Favourable variances arose for Depreciation – Mobile and Other Plant \$65,050, Depreciation – Buildings \$32,241 and Depreciation – Open Reserves \$23,342, partially offset by an unfavourable variance for Depreciation – Drainage Infrastructure (\$27,029). The balances of the variances are spread across a number of areas

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

This favourable timing variance arose in respect of Lot 803 (15) Burlos Court, Joondalup which is expected to be disposed in coming months.

10. Interest Expense **(\$10,864)**

This unfavourable timing variance arose from Interest of Lease Liability (\$10,079) and Accrued Interest Expense (\$785).

11. Movement in Non-Current Items **(\$76,292)**

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

Favourable Variance
Unfavourable Variance

12. Capital Grants and Subsidies \$401,768

	YTD Budget	YTD Actual	Variance
a) State Government Grants – Capital Other	-	\$354,000	\$354,000
b) State Government – MRRG Roads Grant	-	\$69,601	\$69,601
Other Programs	\$64,333	\$42,500	(\$21,833)
	\$64,333	\$466,101	\$401,768

- a) This favourable timing variance arose from grant funding for the Better Bins Project \$354,000 which was received earlier than estimated.
- b) This favourable timing variance arose from final claims received for 2018/19 projects including Davalia Road – Granadilla Street to Beach Road \$32,000, Whitfords Avenue – Mooro Street to Wanneroo Road \$13,507, Blackall Drive – Allenswood Road to Hartley Court \$11,680, Gibson Avenue – Livingstone Way to Livingstone Way \$7,170 and Flinders Avenue / Cook Street Roundabout \$5,307.

13. Capital Contributions \$30,754

This favourable variance arose from a higher than estimated contribution received for Joondalup Bowling Club Toilet Construction \$30,754.

14. Equity Investments \$4,690

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 \$151,342

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 and Cafes / Restaurants / Kiosks \$26,894.

Favourable Variance
Unfavourable Variance

16. Capital Works \$151,418

	YTD Budget	YTD Actual	Variance
a) Parks Development Program	\$43,500	\$98,106	(\$54,606)
b) Parks Equipment Program	\$74,200	\$7,926	\$66,274
c) Paths Program	\$190,000	\$42,120	\$147,880
Other Programs	\$416,534	\$424,664	(\$8,130)
	\$724,234	\$572,816	\$151,418

- a) An unfavourable timing variance arose from Heritage Precinct Development (formerly Parin Park Development) of which (\$34,971) relates to a Parin Park Heritage Precinct sub-project which was carried forward from 2018/19 and is now completed. In addition, an unfavourable timing variance arose from the Tree Planting Program (\$23,727) due to the end of the planting from 2018/19 being carried forward into the current year.
- b) The Parks Equipment Program favourable timing variance relates to several projects which are in quotation phase including Whitfords Nodes Park Health & Wellbeing Hub \$10,000, Wolinski Park Playspace \$9,610, Geneff Park Playspace \$9,058, Kelvin Park Playspace Renewal \$7,805, Universal Access Paths Program \$6,500, Chadstone Park Playspace Renewal \$5,090 and the Shade Sail Program \$4,545. In addition, favourable timing variances arose from Lexcen Park Playspace Renewal \$5,640 and Gradient Park Playspace Renewal \$3,719 which are in design phase and Forrest Park Playspace Renewal \$4,627 which is at concept stage.
- c) Burns Beach to Mindarie Dual Use Path has a favourable timing variance of \$82,414 with the project now in progress after some delays with planning and environmental issues and Hillarys Animal Beach Shared Path \$72,442 has a favourable timing variance due to the timing of invoices.

17. Vehicle and Plant Replacements \$50,796

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 a Sprayer Unit (\$17,500). Orders totalling \$439,361 have been placed and are awaiting delivery.

18. Proceeds from Disposal (\$1,634,000)

This unfavourable timing variance arose in respect of Lot 803 (15) Burlos Court, Joondalup which is expected to be disposed in coming months.

Favourable Variance
Unfavourable Variance

19. 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.

20. Closing Funds (\$1,389,636)

	June 2019 *	July 2019
Current Assets		
Cash and Investments		\$113,283,847
Rates Outstanding, Sundry Debtors and Other Receivables		\$134,040,381
Accrued Income		\$1,313,507
Prepayments		\$107,864
Inventories		\$176,353
Total Current Assets		\$248,921,952
Current Liabilities		
Trade Creditors		\$1,209,248
Sundry Payables		\$24,411,266
Accrued Expenses		\$3,487,160
Other Payables		-
Borrowings		\$3,117,738
Provision for Annual Leave		\$4,615,808
Provision for Long Service Leave		\$6,315,031
Provision for Workers Compensation Insurance		\$3,940,148
Provision for Sick Leave		\$991,563
Other Provisions		\$192,419
Total Current Liabilities		\$48,280,381
Net Current Assets		\$200,641,571
Add back: Borrowings		\$3,117,738
Less: Cash Backed Reserves		\$74,151,621
Less: Other Items (subject to finalisation of 2018-19 end of year)		\$13,114,445
Closing Funds – Surplus/(Deficit)		\$116,493,243

* Subject to finalisation of 2018-19 end of year

Favourable Variance
Unfavourable Variance