

**Draft Interim Income Statement**  
For the financial year to date 30 June 2020

Attachment 1

	Mid Year	YTD	Variance		Major Variance Commentary
	Budget Review	Actuals	\$	%	
	\$	\$	\$	%	
<b>Operating income</b>					
Rates	57,908,200	57,919,341	11,141	0.02	
Waste management charges	8,611,010	8,621,155	10,145	0.12	
Government grants-recurrent	5,029,243	6,396,221	1,366,978	27.18	Grant funding received in advance from Victorian Grants Commission \$1,768,315, partially offset by grants received but not spent during 2019-20 totalling \$668,729 (which have been carried forward).
Government grants-non-recurrent	15,728,291	2,835,172	(12,893,119)	(81.97)	As a result of the change to Australian Accounting Standard (AASB 1058) now requiring grant income to be recognised when contractual obligations have been met rather than upon receipt, this has resulted in \$15,038,618 being recognised as income received in advance in the Balance Sheet (carried forward). These included grants budgeted for in 2020-21 for Diamond Valley Sports and Fitness Centre redevelopment, Diamond Creek Trail construction, Eltham Sports Multi-Use Community Facility and the Diamond Valley Library Redevelopment.
User charges	12,892,223	11,631,800	(1,260,423)	(9.78)	Mainly due to reduced income at leisure facilities totalling \$873,170 (driven by current pandemic) and Recycling and Recovery Centre gate fees \$152,972, as well as reduced demand for home and community care services \$79,989.
Statutory fees & fines	1,711,548	1,461,344	(250,204)	(14.62)	Due to pandemic restrictions, this has resulted in a decrease in parking infringements issued \$188,588, animal infringements issued \$35,352 and a delay swimming pool registrations \$41,108.
Reimbursements	102,884	113,604	10,720	10.42	
Interest income	815,000	602,350	(212,650)	(26.09)	Interest on investments lower than anticipated due to significant drop in interest rates over the last 6 months.
Capital contributions	5,659,900	1,261,182	(4,398,718)	(77.72)	Largely due to delays in contributions to be received for DPO related projects totalling \$4,023,463 and for Special Charge Schemes \$285,666.
Other revenue-recurrent	656,167	1,080,515	424,348	64.67	Insurance refunds for office flooding \$143,689, refunds from WorkCover \$153,476, and paid parental leave income \$41,021.
Other revenue-non-recurrent	-	78,460	78,460	100.00	Income received for major initiatives including Smart Cities \$66,134.
Contributions	1,650,357	2,377,810	727,453	44.08	A result of unplanned developer contributions received for specific purposes \$727,453.
<b>Total income</b>	<b>110,764,823</b>	<b>94,378,954</b>	<b>(16,385,869)</b>	<b>(14.79)</b>	
<b>Operating expenditure</b>					
Employee benefits	34,835,206	35,111,065	275,859	0.79	Increase is attributable to increase in leave provisions for staff across the organisation \$402,816 driven by pandemic restrictions. This is offset by delays in recruitment to vacant positions across the organisation.
External contracts	17,380,448	17,085,727	294,721	1.70	Mainly due to reduction in Home and Community Care spend \$449,289. This has been offset by an increase in agency temp costs in waste management \$207,811.
Materials & related costs	16,355,275	16,724,226	(368,951)	(2.26)	Increased use of contractors for delivery of arboriculture reactive tree works \$247,095, mowing services \$208,651 and unforeseen building maintenance works \$222,025. This has been offset by underspends for water \$142,245 and leisure facility maintenance \$80,128.
Bad & Doubtful Debts	-	66,782	(66,782)	(100.00)	
Other expenditure	8,378,158	6,888,062	1,490,096	17.79	Underspends in grant funded operational areas including Home and Community Care transition program \$616,395, Metro Access \$211,295 and Growing Children Thriving Communities \$181,025. Operational underspends in public open space asset maintenance \$75,206. The balance is made up of minor underspends across numerous budget lines.
Interest expenditure	686,690	708,510	(21,820)	(3.18)	
Major initiatives allocation	1,758,828	1,605,025	153,803	8.74	Driven by delayed spend on budgeted initiatives.
<b>Total expenditure</b>	<b>79,394,605</b>	<b>78,189,397</b>	<b>1,205,208</b>	<b>1.52</b>	
<b>Earnings before Income Tax &amp; Depreciation</b>	<b>31,370,218</b>	<b>16,189,557</b>	<b>(15,180,661)</b>	<b>(48.39)</b>	
Depreciation	11,445,000	12,030,650	(585,650)	(5.12)	Increase attributable to the revaluation of specific asset classes and significant multi-year projects currently held as works in progress.
<b>Draft Net Profit</b>	<b>19,925,218</b>	<b>4,158,907</b>	<b>(15,766,311)</b>		
<b>Net surplus/(deficit) calculation:</b>					
<b>Deduct:</b>					
Debt redemption	1,313,726	1,316,170			
Transfer to reserves	3,018,311	16,958,797			
Transfer from reserves	(25,032,967)	(23,157,971)			
Capital expenditure allocation	51,895,365	22,475,589			
<b>Total to be deducted</b>	<b>31,194,435</b>	<b>17,592,585</b>			
<b>Add Back:</b>					
Depreciation	11,445,000	12,030,650			
<b>Total to be added back</b>	<b>11,445,000</b>	<b>12,030,650</b>			
<b>Draft Net surplus / (deficit)</b>	<b>175,783</b>	<b>(1,403,028)</b>	<b>(1,578,811)</b>		