

Quarterly finance report

Meeting: Audit, Risk and Finance Committee
Date of meeting: 10 June 2021
Reporting officers: Graeme Coleman, Finance & Risk Manager

Purpose/ | Ngā whāinga

To monitor financial performance.

Executive summary | Whakarāpopototanga

The April 2021 financial report.

Recommendation | Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Notes the quarterly finance report as at April 2021.

Context | Horopaki

Council staff provide the Audit, Risk and Finance Committee (the Committee) with an update on year to date finances.

This committee looks at the external funding projects only from the cashflow perspective. An overall position for these projects is presented

Discussion | Ngā kōrerorero

April 2021 Financial Report

Statement of Operating and Capital Performance

	This Month 30 April 2021				Indicator	Year to 30 April 2021				Indicator	Whole Year	
	Actual \$'000	Annual Plan \$'000	Variance \$'000			Actual \$'000	Annual Plan \$'000	Variance \$'000			Annual Plan \$'000	Forecast \$'000
Rates	3,029	3,148	(119)	●	33,009	32,434	576	●	38,780	39,400		
Activity Revenue and Other Income	682	515	167	●	7,092	5,154	1,938	●	6,454	7,545		
Subsidies and Grants - Operational	449	336	113	●	9,147	4,021	5,126	●	4,809	9,613		
Total Operating Income	4,160	3,999	161	●	49,249	41,609	7,640	●	50,042	56,558		
Employee Benefits	1,082	1,123	41	●	11,512	11,349	(163)	●	13,142	13,421		
Contractors	135	127	(8)	●	1,282	1,478	197	●	1,888	1,754		
Professional Services	399	463	64	●	5,212	3,953	(1,259)	●	4,724	6,454		
Repairs and Maintenance	918	645	(273)	●	12,181	8,691	(3,490)	●	10,240	15,420		
Finance costs	123	238	115	●	1,838	2,383	545	●	2,860	2,509		
Other Operating Costs	492	764	272	●	5,486	5,754	268	●	7,040	6,660		
Total Operating Costs	3,149	3,361	212	●	37,511	33,609	(3,902)	●	39,894	46,219		
Operating Surplus/(Deficit) (before Depreciation)	1,011	639	372	●	11,738	8,000	3,738	●	10,148	10,339		
Capital Subsidies	1,223	1,201	22	●	11,870	12,959	(1,089)	●	15,081	28,070		
Contributions	214	254	(40)	●	3,904	2,542	1,362	●	3,046	4,305		
Other Capital Revenue	0	0	0	●	24	0	24	●	0	11		
Total Capital Revenue	1,438	1,455	(18)	●	15,798	15,501	297	●	18,127	32,386		
Capital Expenditure	2,485	2,475	(9)	●	18,152	20,502	2,350	●	27,822	41,180		
Total Capital Payments	2,485	2,475	(9)	●	18,152	20,502	2,350	●	27,822	41,180		
Subtotal Capital	(1,047)	(1,020)	(27)	●	(2,354)	(5,001)	2,647	●	(9,695)	(8,794)		
Surplus/(Deficit) - before Loan Payments and Depreciation	(36)	(381)	345	●	9,384	2,999	6,385	●	453	1,546		

Key:	● Within 5% of budget
	● Over or under budget by 5 - 10%
	● Over or under budget by more than 10%

Statement of Operating and Capital Performance

Comments on major variances

Operating Income:

Account	Rationale	YTD Variance \$'000
Rates Revenue	Penalties are ahead of budget for the year to date due to arrears penalties applied (July 2020) and instalment penalties.	161
	Targeted rates for wastewater are overall ahead of budget due to capital repayments for the Mangawhai scheme but recorded as revenue for accounting purposes.	469
	Water by meter ahead of budget, mainly in Dargaville.	62
Activity Revenue and Other Income	Activity revenue: <ul style="list-style-type: none"> Increase in Building Control revenue year to date. This month up \$28k on budget. Increase in Resource consenting income year to date. This month decrease of \$6k. Increase in Licences, Registration's fee year to date. This month increase of \$1k. External recovery costs are ahead of budget for year to date. 	483 166 90 1,199

	This month: Additional revenue of 46k received for Kai Iwi Lakes campground bookings. On charged costs of \$36k for Plan changes and \$22k Waste Levy received.	
Operating Subsidies and Grants	Te Tai Tokerau Redeployment Package the “Shovel Ready” project subsidies were invoiced in the month of September. This month: Further monthly subsidies of \$39,491 received - claim 11.	1,580
	Operational subsidies from NZTA are ahead of budget year to date due to maintenance work completed earlier than scheduled.	2,590
	Revenue raised for PGF funding for Kaipara Kickstart Programme milestone claims (the amount of \$656k was reclassified from Operating subsidies to Capital subsidies).	804

Operating Costs:

Account	Rationale	\$000
Employee Benefits	Employee benefits costs are ahead of budget for the month and year to date. Please also note that the total is gross employee benefits paid so includes salaries & wages capitalised but actioned through internal charges at year end.	163
Contractors	The contractor’s costs are below budget for the year to date offsetting some the increase in professional services.	197
Professional Services	The professional services costs are ahead of budget for the year to date. Includes: <ul style="list-style-type: none"> • \$643k for Kaipara Kickstart work not budgeted for but funded by subsidies as above • \$447k for addition planning services to support the Resource Management activity • \$421k for roading professional services but offset by NZTA subsidies as above 	1,259
Repairs and Maintenance	Community activities – Te Tai Tokerau Redeployment Package the “Shovel Ready” project started August 2020 - removal of trees at Mangawhai Community Park and design, build and construct 5 mountain bike tracks at Harding Park.	1,427
	This month: The Te Tai Tokerau Redeployment Package project costs for the month of April are \$12,335. The total cost of this project is offset by the funding noted above under subsidies and grants.	1,526
	Roading: - Roding works maintenance programme is ahead of budget – due earlier completion of scheduled unsealed roads maintenance work.	
	Roding – Local Network improvements “Shovel Ready“ project started – removal of hazardous trees and spot spraying noxious weeds, litter collection and clean-up.	636
	Waters: - Increase of cost due to Rotu Water Intake emergency slip repairs work undertaken and increase of plant operations.	
Finance Costs	Below budget due to lower inter-period loan balances.	366
Other Operating Costs	Costs overall are on budget for the month and year to date.	

Capital Revenue:

Account	Rationale	\$000
Capital Subsidies	Capital subsidies overall are lower than budget year to date, due to projects work not started yet:	
	<ul style="list-style-type: none"> Roading – This month capital works are on budget. Year to date capital subsidies are lower than budget due to budget timing difference. District Leadership – PGF projects funding (project milestone to be completed before funding can be claimed) 	(1,456) (2,343) 2,346
	The Kaipara District Council 3 Waters Stimulus Grant totalling \$4,691,048 with \$2,345,524 being the first instalment received in January 2021.	348
	Kaihu Valley Trail “Shovel Ready” project milestone claim.	
Contributions	The contributions are overall ahead of budget year to date. <ul style="list-style-type: none"> Development contributions are lower than budget year to date. Financial contributions significantly are ahead of budget for the month and year to date. 	(381) 1,404

Public Debt:

The public debt position as at 30 April 2021 is \$54 million and the net debt position (debt less cash) is \$33.4 million. The public debt of \$54 million includes \$10 million borrowed in March and April ahead of \$25 million of current debt due for refinancing in May 2021, with the surplus funds being put on short-term deposit until required. The borrowing undertaken in March and April is inline with the programme set out in the April 2021 report to Council.

Public Debt and Requirements			
	June 2020 \$000's	30 April 2021 \$000's	June 2021 \$000's
Debt			
Public Debt	44,000	54,000	51,320
Cash in bank (overnight deposits)	(4,398)	(20,630)	(1,926)
Net Debt	39,602	33,370	49,393
Reserves (future obligations)			
Development Contribution Reserve	(24,702)	(24,702)	(25,415)
Other Reserves	17,848	17,849	13,021
Total reserves (future obligations)	(6,854)	(6,854)	(12,395)
Debt Requirements			
Public Debt	44,000	54,000	51,320
Future obligations	17,848	17,849	13,021
Gross Debt Requirement	61,848	71,849	64,340
Less cash in bank	(4,398)	(20,630)	(1,926)
Net Debt Requirements	57,451	51,219	62,414

*Note: Reserves balances are only recalculated at end of year.

Activities Net Cost for the period to 30 April 2021

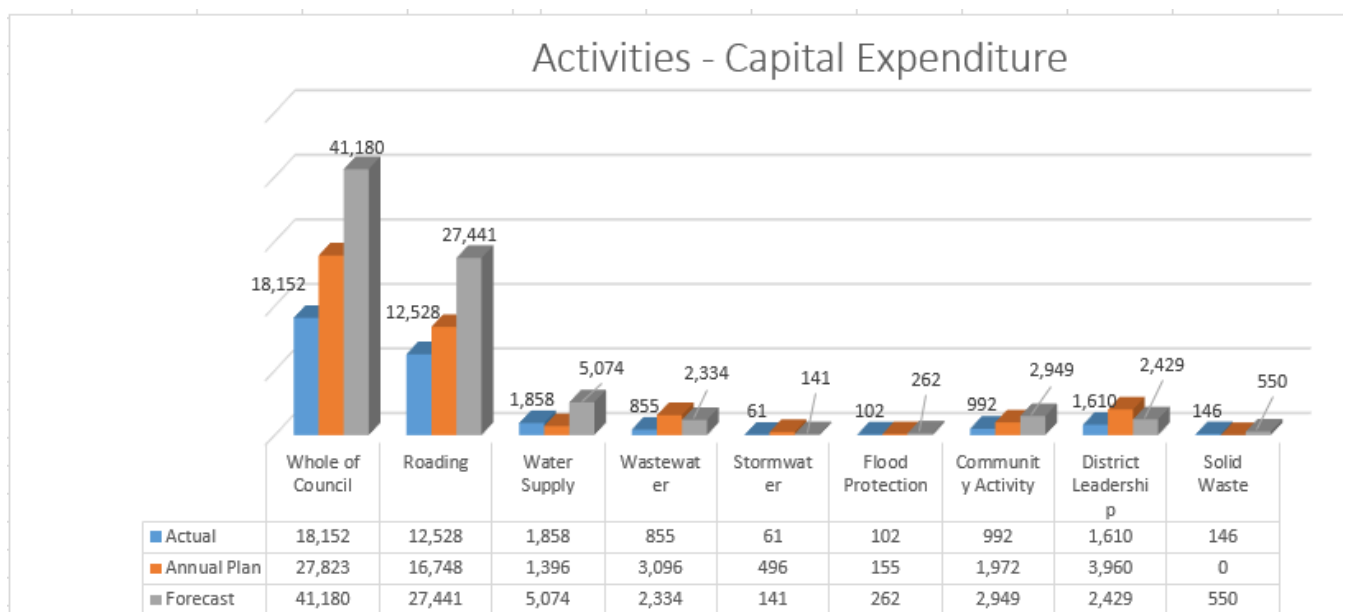
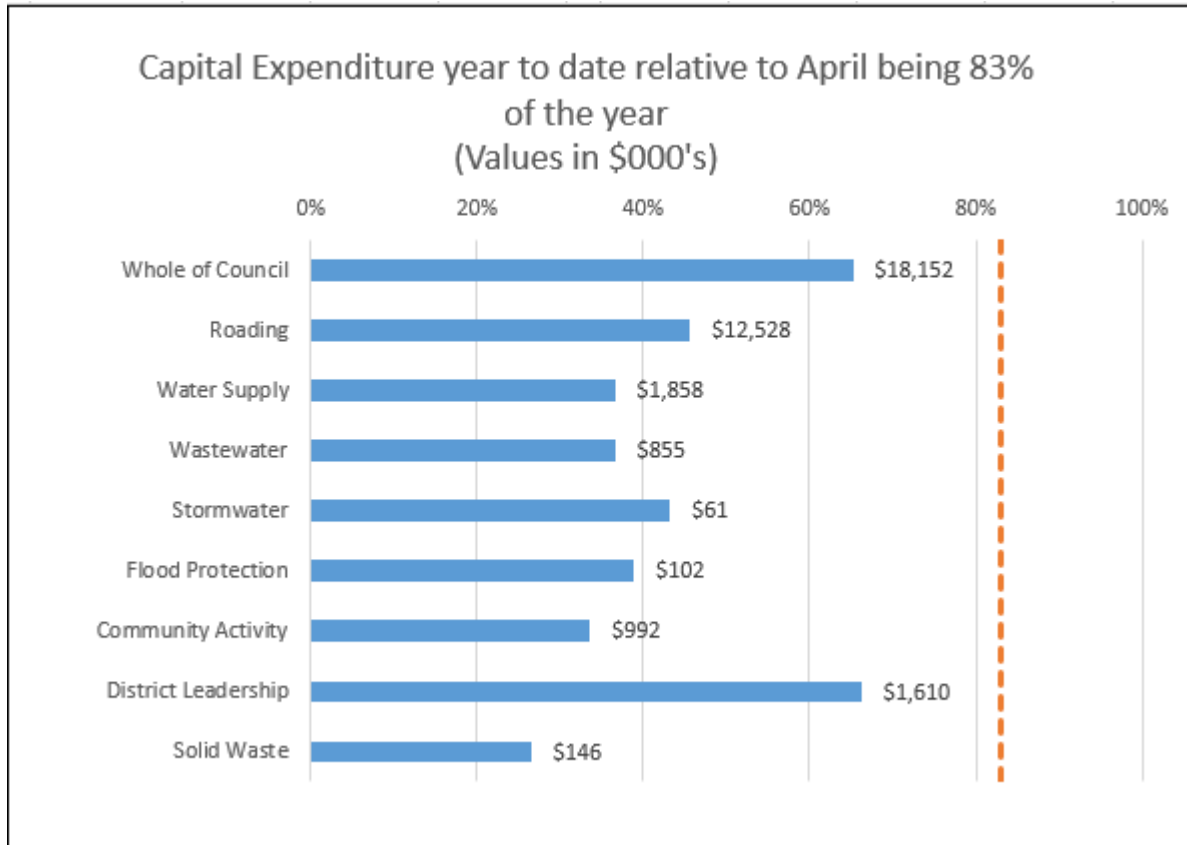
Activity	Actual as at 30 April 2021			Whole Year Annual Plan
	Operating Income \$000's	Operating Costs \$000's	Net Operating Surplus/(Deficit) \$000's	Net Operating Surplus/(Deficit) \$'000
Community Activities	6,930	6,026	904	199
District Leadership	7,653	7,695	(42)	(739)
Regulatory Management	6,135	5,423	712	49
Roads and Footpaths	15,414	10,854	4,560	4,427
Wastewater	6,730	3,364	3,366	3,083
Water Supply	3,104	2,350	754	1,614
Stormwater	1,655	758	897	917
Flood Control	660	354	306	293
Solid Waste	968	687	281	305
	49,249	37,511	11,738	10,148

Capital Expenditure for the period ended 30 April 2021

Activity - Capital Expenditure	Actual as at 30 April 2021				Whole Year	
	Actual YTD \$000's	Annual Plan \$000's	Variance \$000's	Indicator	Annual Plan \$000's	Forecast \$000's
Community Activities	992	1,572	580	●	1,722	2,949
District Leadership	1,610	3,571	1,961	●	3,809	2,429
Roads and Footpaths	12,527	10,517	(2,010)	●	17,148	27,441
Wastewater	856	2,788	1,932	●	3,096	2,334
Water Supply	1,858	1,403	(455)	●	1,396	5,074
Stormwater	60	496	436	●	496	141
Flood Control	102	155	53	●	155	262
Solid Waste	147	0	(147)	●	0	550
	18,152	20,502	2,350		27,822	41,180

Capital Expenditure for the period ended 30 April 2021

The capital expenditure completed year to date for Whole of Council is 65.2%.



Policy and planning implications

These reports are in line with the Terms of Reference for monitoring the finances of the Council.

Financial implications

These are the latest Council reports.

Risks and mitigations

Best value for the community would be delivering on the projects we stated in the Long Term Plan.

If the Council does not deliver on its projects and debt is not required as has been previously calculated, then there is a risk that this can impact on the advice our treasury advisers have provided and Council does not meet its treasury requirements.

A key risk of the External projects is that with these being comprised of many subsidies for larger capital projects that Council is funding these out of its cash flow which is unbudgeted. Council mitigates this by making progress claims at each milestone and has been fortunate to get the Redeployment package and the Waters maintenance package in advance.

Significance and engagement | Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Attachments | Ngā tapiritanga

	Title
A	External Funded projects April 2021