



**Far North
District Council**
Te Kaunihera o Tai Tokerau Ki Te Raki

Far North District Council

Council Financial Report

for the period ending **31-August-2020**

Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-August-2020.

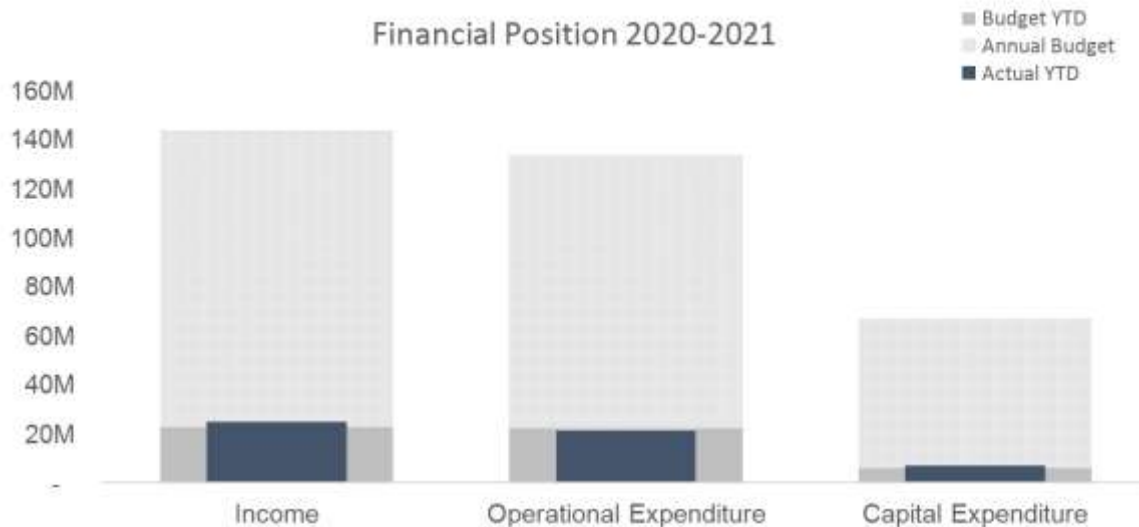
The overall performance of Council has continued as usual even though we have only just come out of the final drought level, post COVID-19 and the recent flood event. Council will continue in the coming months in order to bring back recovery to our economy and district.

The organisation is refocusing their priorities in order to accommodate these situations so ongoing income and expenditure will be reviewed.

With every new financial year there are a number of variances across the organisation, this is mainly due to timing of the budgets. These are being reviewed and will be timed accordingly in the coming months.

The commentary this month will only be by exception.

Overall, we had a Variance to Budget YTD movement of \$3.1M.



Year to Date

Actual Position as at 31-August-2020

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	24.7M	22.6M	2.0M	9%
Operational Expenditure	21.0M	22.1M	- 1.1M	-5%
Net Operating Position	3.6M	0.5M	3.1M	628%
Capital Expenditure	6.7M	5.7M	1.1M	19%

Year End

Forecast Position as at 30-June-2021

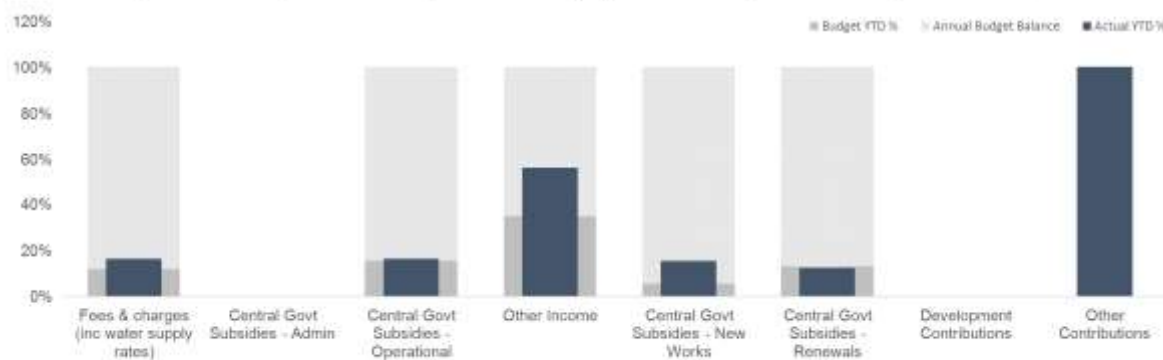
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	143.8M	143.8M	- M	0%
Operational Expenditure	133.7M	133.7M	- M	0%
Net Operating Position	10.1M	10.1M	- M	0%
Capital Expenditure	67.2M	66.8M	0.4M	1%

**In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*

Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
9.4M	7.2M	2.2M	30%	52.2M	52.2M	- M	0%



Highlights:

Fees & charges (inc water supply rates)

- Residents of Kaitia have been invoiced for their water usage as scheduled.
- Income received from ferry ticket sales due to increased local tourism across the district post COVID-19 lockdown.

Other Income

- Unclaimed Resource Consent bonds older than 6 years have been written-off.
- Provincial Growth Funding (PGF) received for sealing projects at Ruapekapeka, Ngapipito and Peria Road.

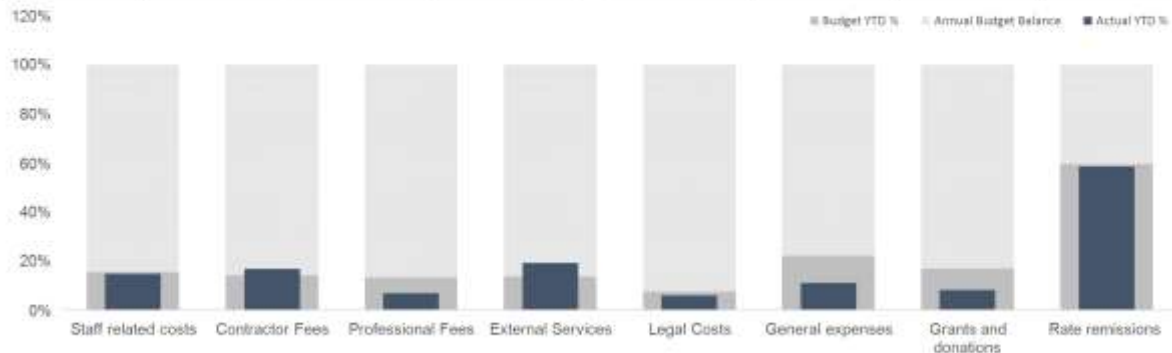
Central Govt Subsidies – New Works

- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.
- Additional NZTA funding not budgeted for ongoing footpath projects from last year for North Park to Whangatane Drive, Kaitia.

Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
15.0M	16.1M	1.1M	-7%	97.3M	97.3M	- M	0%



Highlights:

Contractor Fees

- Broadspectrum Services Limited (BSL) is ahead of budget for both water and wastewater, this is for contract materials, subcontractors and internal labour due to reactive works with the recent flood event.
- Desludging of the Kaitaia Wastewater Treatment Plant Pond 1 is now complete and final invoice paid.

Professional Fees

- A number of consultants have not yet been engaged across the organisation.

External Services

- Roothing expenditure relating to the July storm event for which an application has been made to NZTA and awaiting outcome.
- Maritime facilities unbudgeted request in 2019/2020 for the demolition of the fertilizer shed at Te Hapua due to asbestos is now complete.
- Provincial Growth Funding (PGF) drought related project Lake Omapere is awaiting funding to be received.

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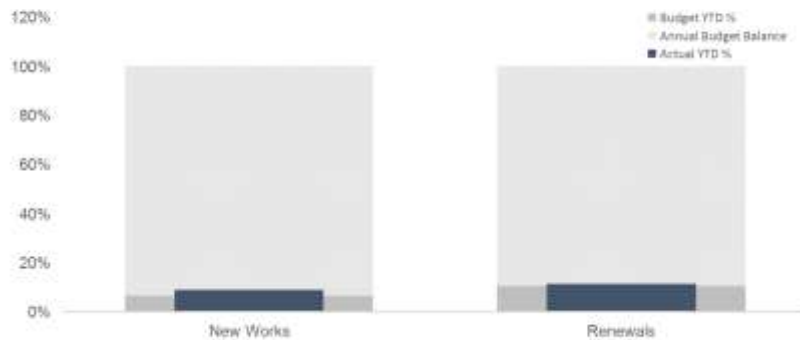
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Council Financial Performance – Capital Expenditure

These figures are direct from the Statement of Capital Performance.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
6.7M	5.7M	1.1M	19%	66.8M	67.2M	0.4M	1%



Highlights:

New Works

- Ongoing minor safety & improvements projects from last financial year for bridges at Otatau Rd, West Coast Rd; Panguru Rd raising, and associated improvements.
- A number of projects from prior year has continued but awaiting approval from the Carry Forward exercise to be completed.
- Ongoing footpath projects from last year for North Park to Whangatane Drive, Kaitaia

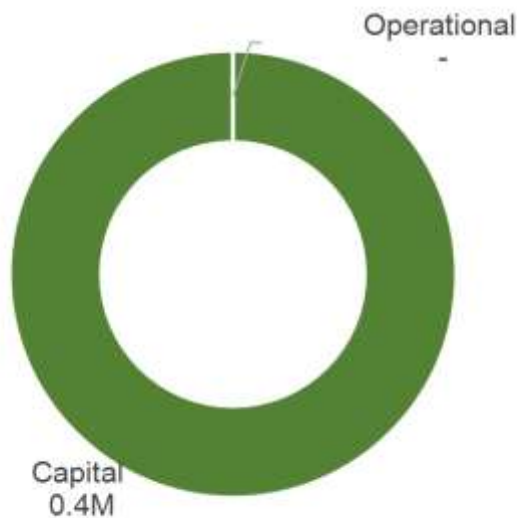
Renewals

- Safety improvement project at Route 4 Kerikeri-Okaihau and Route 7 Matauri Bay Loop Roads has not commenced as planned.
- Ongoing work from last financial year for Parks and Reserves at Centennial Park, Okaihau and Moerewa.

Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.

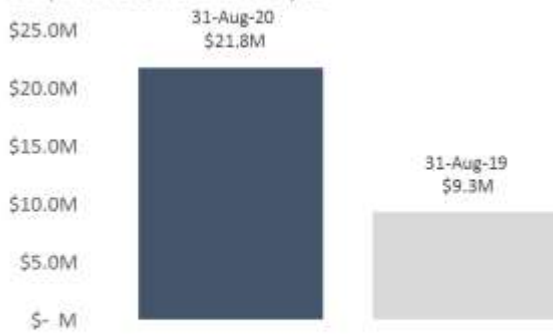


Unbudgeted Expenditure		
<i>*Expenditure over \$100K approved by</i>		
Unbudgeted Capital Works		Amount
Houhora WWTP	CAPEX New Works Contract Services	112,000
Structural works Kawakawa WTP	CAPEX New Works Contract Services	109,051
Hundertwasser toilet upgrade	CAPEX Renewal Works Contract	82,000
East Coast PS Bush Point Rd	CAPEX New Works Contract Services	49,942
East Coast PS Leslie Rd	CAPEX New Works Contract Services	38,000
60 Peninsula Parade Hihi Sewer	CAPEX New Works Contract Services	22,387
Te Hononga CCTV - Hundertwasser	CAPEX New Works Contract Services	12,000
		425,380

Treasury Report

Cash Position

Compared to same time last year



	31-Aug-20	31-Aug-19
ASB General Fund	\$ 16.7M	\$ 4.3M
ASB Special Funds	\$ 5.1M	\$ 5.0M
Investments	\$ - M	\$ - M
Total Cash	\$ 21.8M	\$ 9.3M

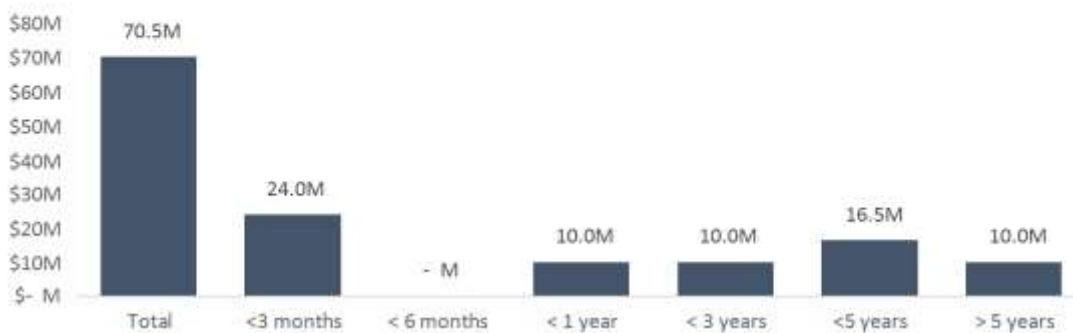
Banking Facility



Banking Facility	\$ 30.0M
Drawn down	\$ 14.0M
Available	\$ 16.0M

Public Debt

Loans by Maturity Date



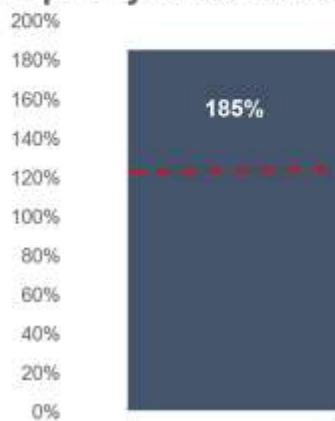
Treasury Compliance

Net Debt as a % of Revenue must be less than 175%



Net Debt	\$ 48.7M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	34%
Policy Maximum	141%

Liquidity - Access to funds must be greater than 110%



External Debt	\$ 56.5M
ASB Banking Facility	\$ 30.0M
ASB Banking Facility used	-\$ 14.0M
Total Committed Public Debt	\$ 72.5M
Liquid Investments Cash at Bank	\$ 21.8M
Liquid Investments ASB Overdraft Facility	\$ 10.0M
	\$ 104.3M
Access to Funds	185%
Policy Minimum	110%

Note: Total revenue is based on 2019/20 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets).

Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.

Statement of Financial Performance

for the period ending Aug 2020 (Pd2)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
Operational Income										
Rates - general (excl water supply rates)	15,009	14,921 -	88	89,525	-	89,525	74,516	17%	89,525	-
Rates - penalties	300	518	218	2,073	-	2,073	1,773	14%	2,073	-
Fees & charges (inc water supply rates)	2,805	2,018 -	787	17,059	-	17,059	14,254	16%	17,059	-
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	1,682	1,583 -	99	10,276	-	10,276	8,593	16%	10,276	-
Other Income	2,069	1,287 -	782	3,686	-	3,686	1,618	56%	3,686	-
Capital Income										
Central Govt Subsidies - New Works	938	334 -	603	6,124	-	6,124	5,186	15%	6,124	-
Central Govt Subsidies - Renewals	1,863	1,961	97	15,051	-	15,051	13,188	12%	15,051	-
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	5	-	5	-	-	-	5	100%	-	-
Total Operating Income	24,671	22,622 -	2,049	143,794	-	143,794	119,123	17%	143,794	-
Operational Expenditure										
Staff related costs	4,811	4,999	188	32,633	-	32,633	27,823	15%	32,633	-
Contractor Fees	4,839	4,058 -	781	28,719	-	28,719	23,880	17%	28,719	-
Professional Fees	625	1,235	609	9,291	-	9,291	8,666	7%	9,291	-
External Services	1,776	1,260 -	515	9,217	-	9,217	7,441	19%	9,217	-
Legal Costs	41	51	10	682	-	682	641	6%	682	-
General expenses	1,421	2,843	1,423	12,909	-	12,909	11,488	11%	12,909	-
Grants and donations	133	275	141	1,624	-	1,624	1,491	8%	1,624	-
Rate remissions	1,321	1,343	22	2,257	-	2,257	936	59%	2,257	-
Allocations (direct and indirect)	-	0	0	0	-	0	0	0%	0	-
Interest costs	239	286	47	1,715	-	1,715	1,476	14%	1,715	-
Sub total	15,205	16,349	1,144	99,047	-	99,047	83,841	15%	99,047	-
Depreciation and other asset costs	5,833	5,774 -	59	34,645	-	34,645	28,812	17%	34,645	-
Gain/Loss on Disposal	0	-	0	-	-	-	0	100%	-	-
Total Operational Expenditure	21,038	22,123	1,085	133,691	-	133,691	112,653	16%	133,691	-
Net Operating Surplus	3,633	499	3,134	10,103	-	10,103	6,470		10,103	-

Statement of Capital Performance

for the period ending Aug 2020 (Pd2)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	336	-	336	13,028	-	13,028	12,692	3%	13,122	94
Environmental Management	6	-	6	-	-	-	6	100%	-	-
Roading and Footpaths	3,838	3,644	194	37,388	-	37,388	33,550	10%	37,388	-
Wastewater	1,345	1,185	160	7,524	-	7,524	6,179	18%	7,746	222
Stormwater	490	43	447	1,179	-	1,179	689	42%	1,179	-
Solid Waste Management	-	-	-	325	-	325	325	0%	325	-
Water Supply	425	742	318	4,495	-	4,495	4,071	9%	4,604	109
Governance & Strategic Administration	228	-	228	2,334	-	2,334	2,106	10%	2,334	-
Customer Services	81	57	24	533	-	533	452	15%	533	-
Strategic Planning & Policy	-	-	-	-	-	-	-	0%	-	-
Total Capital Expenditure	6,748	5,672	1,077	66,807	-	66,807	60,058	10%	67,232	425

Analysis of Operational Income and Expenditure by LTP Group

Income	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	718	200 -	519	1,866	-	1,866	1,148	-39%	1,866	-
Environmental Management	1,474	1,124 -	350	5,464	-	5,464	3,989	-27%	5,464	-
Roading and Footpaths	5,834	5,216 -	619	34,441	-	34,441	28,607	-17%	34,441	-
Wastewater	18	35 -	17	403	-	403	384	-4%	403	-
Stormwater	-	-	-	-	-	-	-	-100%	-	-
Solid Waste Management	247	234 -	13	1,405	-	1,405	1,157	-18%	1,405	-
Water Supply	724	142 -	583	6,642	-	6,642	5,918	-11%	6,642	-
Governance & Strategic Administration	274	194 -	80	1,458	-	1,458	1,184	-19%	1,458	-
Customer Services	44	38 -	6	442	-	442	398	-10%	442	-
Strategic Planning & Policy	27	-	27	75	-	75	48	-36%	75	-
Total Operating Income	9,362	7,183 -	2,179	52,196	-	52,196	42,834	18%	52,196	-

Operational Expenditure	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	1,345	1,780	435	9,554	-	9,554	8,208	14%	9,554	-
Environmental Management	1,387	1,521	133	10,489	-	10,489	9,102	13%	10,489	-
Roading and Footpaths	3,786	4,049	263	25,521	-	25,521	21,735	15%	25,521	-
Wastewater	1,086	677 -	408	6,850	-	6,850	5,764	16%	6,850	-
Stormwater	237	202 -	36	1,942	-	1,942	1,705	12%	1,942	-
Solid Waste Management	569	717	147	4,282	-	4,282	3,713	13%	4,282	-
Water Supply	1,158	641 -	517	4,970	-	4,970	3,812	23%	4,970	-
Governance & Strategic Administration	3,990	4,872	882	21,576	-	21,576	17,586	18%	21,576	-
Customer Services	767	822	55	5,658	-	5,658	4,891	14%	5,658	-
Strategic Planning & Policy	640	782	142	6,489	-	6,489	5,849	10%	6,489	-
Total Direct Costs	14,966	16,063	1,097	97,332	-	97,332	82,366	15%	97,332	-