



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

Far North District Council

Council Financial Report

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

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Financial Overview

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

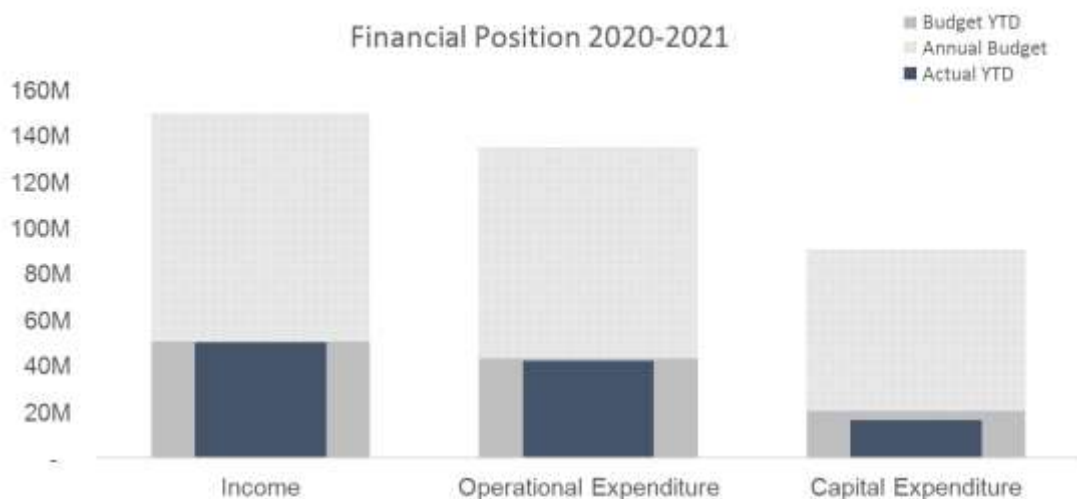
The overall performance of Council has continued as usual even though we have only just come out of the final drought level, post COVID-19 and the recent flood event.

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 \$.8M.



Year to Date

Actual Position as at 31-October-2020

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	50.2M	50.4M	0.2M	0%
Operational Expenditure	42.2M	43.3M	1.0M	-2%
Net Operating Position	8.0M	7.2M	0.8M	11%
Capital Expenditure	16.3M	20.4M	4.1M	-20%

Year End

Forecast Position as at 30-June-2021

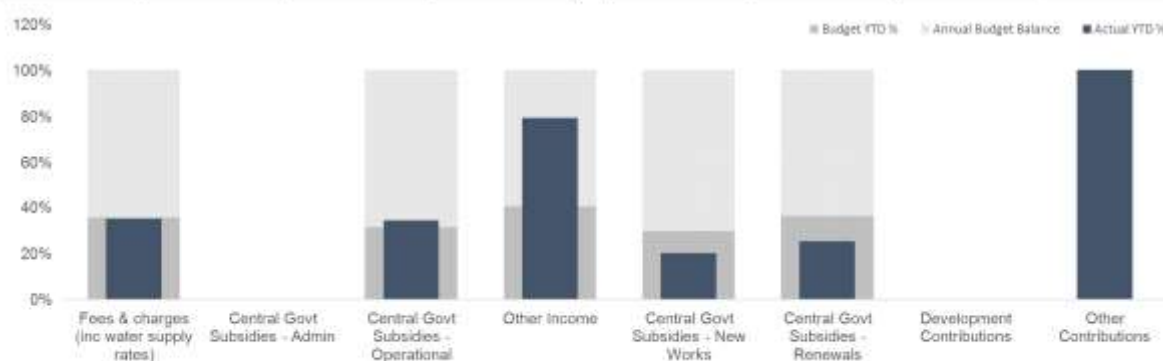
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	169.8M	149.9M	19.9M	13%
Operational Expenditure	137.3M	135.0M	2.3M	2%
Net Operating Position	32.4M	14.9M	17.6M	118%
Capital Expenditure	111.6M	90.6M	21.0M	23%

**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
19.9M	20.1M	0.1M	-1%	58.3M	78.2M	19.9M	25%



Highlights:

Central Govt Subsidies – Operational

- Funding received from Waka Kotahi (NZTA) for the July 2020 storm event and ongoing maintenance of footpaths across the district.
- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the Responsible Camping Working Group initiatives in partnership with between Far North District Council (FNDC), Department of Conservation (DoC) and Northland Regional Council (NRC).
- Unbudgeted Tourism Infrastructure Funds (TIF) received for the Waitangi Jetty toilet capacity upgrade project.

Other Income

- Planned Provincial Growth Funds (PGF) have been received for the Lake Omapere de-mobilisation costs and the continued use of the Refining NZ hose and pump which was not able to be removed due to wet weather.
- Planned Provincial Growth Funds (PGF) have been received for road seal projects at Ruapekapeka, Ngapipito and Peria Road.
- Ministry of Business, Innovation & Employment (MBIE) grant received under the maintaining the quality of great rides fund for the Twin Cost Cycletrail.

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.

- Subsidy new works income for ongoing minor safety & improvements projects from last financial year for bridges at Otaua Rd, West Coast Rd; Panguru Rd raising and associated improvements.
- Unbudgeted Tourism Infrastructure Funds (TIF) grant received for the Waitangi Jetty Toilet capacity upgrade and Cable Bay Carparks.
- Subsidy received from the Ministry of Business, Innovation & Employment (MBIE) for the Pungaere Road seal extension.

Central Govt Subsidies – Renewals

- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event.
- Safety improvement and resilience projects across district has not commenced as planned.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.

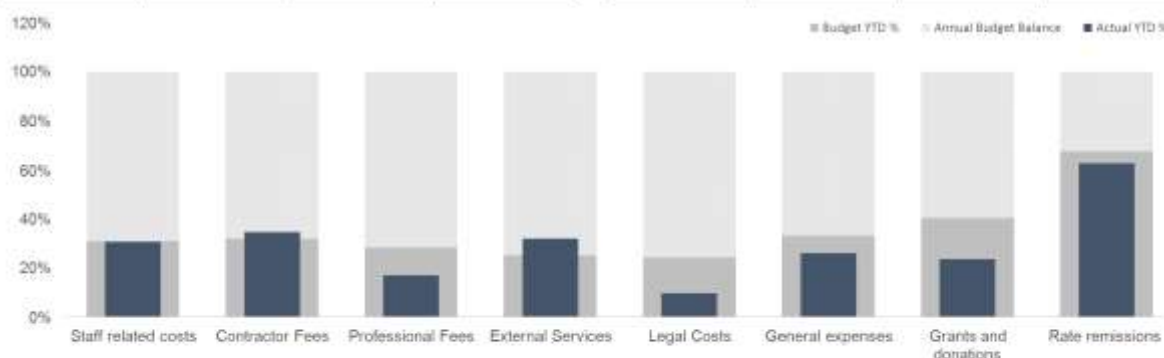
Other Contributions

- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka. Ngapipito and Peria road.

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
30.1M	31.1M	1.0M	-3%	98.7M	101.0M	2.3M	2%



Highlights:

Contractor Fees

- Roothing maintenance and operational expenses incurred across the district for sealed and unsealed pavement maintenance, drainage, structures and traffic services maintenance.
- There is a variance related to both a timing issue with budget phasing and increased Ventia Limited expenditure over the first quarter in the areas of labour, materials and sub-contractors relating to the July 2020 storm event for response and recovery.
- ICT professional engaged for citrix optimisation services for Enabling Great Workplaces.

Professional Fees

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

External Services

- Provincial Growth Funding (PGF) has been received for the Lake Omapere water crisis emergency expenditure.
- A new project was set up for the July 2020 storm event and a claim will be made to Northland Emergency Management in due course to cover the actual spend.
- First response unbudgeted expenditure incurred for the July 2020 storm event which Waka Kotahi (NZTA) has approved to subsidise.
- Planned Provincial Growth Funds (PGF) operational grant received for road seal projects at Ruapekapeka, Ngapipito and Peria Road.

- Resources have been re-prioritised for the Shovel Ready projects to complete by the summer holidays. Works include spraying noxious weeds, removal of self-seeded and hazardous roadside trees, roadside litter collection, site rail improvements and accelerated unsealed network grading program.
- Footpaths is ahead of budget due to ongoing construction from 2019/2020 at Tau Henare Drive in Waitangi which will be completed by November 2020.

General Expenses

- General expenses are behind budget, insurance is due for renewal and provision for doubtful debts has not been allocated as this is an annual process, valuations are a lot less at this stage of the year.

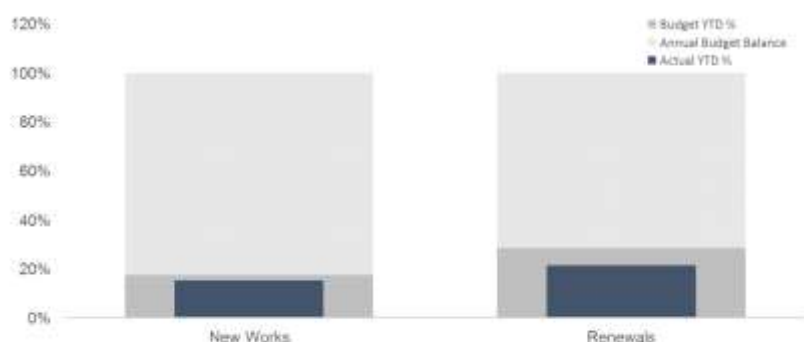
Grants and Donations

- A number of grants have not yet been paid to the various recipients.

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
16.3M	20.4M	- 4.1M	-20%	90.6M	111.6M	21.0M	19%



Highlights:

New Works

- The East Coast WWTP Resource Consent is under budget - the consent has been appealed to the environment court and Council is working towards mediation which has been significantly delayed due to COVID-19 and conflicting schedules between stakeholders.
- The Paihia Treatment Plant Power Supply project is under budget, it is currently in design phase for a recirculation system which will enhance and prolong the lifespan of the new plant, commitments have been raised.
- District wide sludge management is under budget. Sludge work has been delayed due to lack of resourcing and COVID-19. Work is ongoing and commitments have been raised.
- The Houhora Wastewater Treatment Plant, the Council approved project is under budget to replace sand and treatment tank. The sand has now been replaced but there has been a delay with the tank which will be invoiced in December 2020.
- Kaitaia New Source (Sweetwater) is behind budget but funds are fully committed, and work is progressing.
- Planned Provincial Growth Funds (PGF) road sealing projects commenced at Ruapekapeka. Ngapipito and Peria road.
- Panguru Rd raising project is ahead of schedule and on track to complete before summer holiday, offset by the Infill Lighting project which is behind programme due to lengthy negotiations and approval of the tender phase, however the contract is now essentially approved and ready to start construction.

Renewals

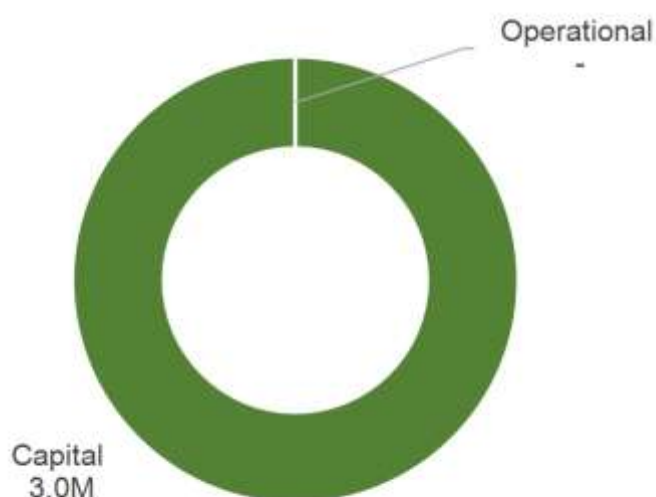
- Kerikeri Wastewater Treatment Plant is under budget. The commissioning phase of the plant will run until the end of November at which time connections will commence and be completed by May 2021 with close out expected in June 2021.

- Emergency Works awarded tenders have come under budget.
- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event.
- Ferry renewal scope and works are reduced due to long lead time to make to get the jet pump into the country.
- Safety improvement and resilience projects across district has not commenced as planned.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.
- Reactive unbudgeted building structural renewal works at the Rawene Housing for the Elderly to fix flooring and wall structures in bathroom due to shower leaking within wall cavity.

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.



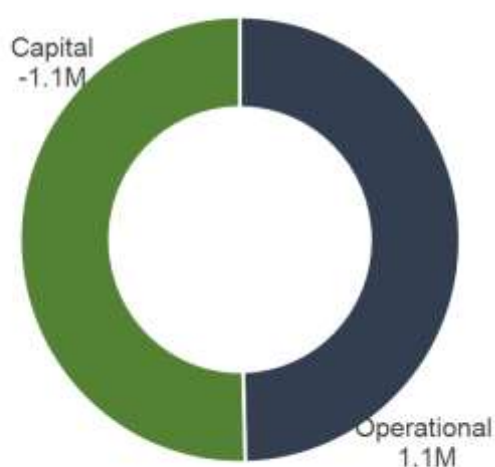
Unbudgeted Expenditure		
<i>*Expenditure over \$100K approved by Council (in grey)</i>		
Unbudgeted Capital Works		Amount
Monument Hill Drought Impact	CAPEX New Works Contract Services	1,184,000
Lake Omapere (PGF)	External Services	500,000
Kerikeri WTP New Clarifiers	CAPEX New Works Contract Services	500,000
Windsor Landing Carpark and Access	CAPEX New Works Contract Services	261,195
Awanui River Intake Permanent Weir	CAPEX New Works Contract Services	150,000
Kotui Library Licence/Subscription	Software Licence Fees	137,863
Houhora WWTP	CAPEX New Works Contract Services	112,000
Structural works Kawakawa WTP	CAPEX New Works Contract Services	109,051
Paihia WTP Self-Cleaning Screen	CAPEX New Works Contract Services	100,000
District Wide Leak Detection Equipment	CAPEX New Works Contract Services	100,000
Hundertwasser toilet upgrade	CAPEX Renewal Works Contract	82,000
Kawakawa Water Take Consent	CAPEX New Works Contract Services	70,000
East Coast PS Bush Point Rd	CAPEX New Works Contract Services	49,942
Kawakawa WTP Roof Replacement	CAPEX New Works Contract Services	47,366
East Coast PS Leslie Rd	CAPEX New Works Contract Services	38,000
Kerikeri Wastewater Infrastructre	CAPEX New Works Contract Services	31,836
60 Peninsula Parade Hihi Sewer	CAPEX New Works Contract Services	22,387

Opononi/Omapere WTP pH Treatment	CAPEX New Works Contract Services	15,000
Kerikeri Wastewater Infrastructre	Equipment Purchases (uncapitalisable)	13,827
Te Hononga CCTV - Hundertwasser	CAPEX New Works Contract Services	12,000
Rawene Housing for the Elderly	CAPEX Renewal Works Contract	11,836
Lake Omapere (PGF)	Grants Operational	-500,000
		3,048,303

Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



Budget Movements		
General Ledger	Comment	Amount
Infrastructure & Asset Management Operations	TIF funding applications wrongly classified as Capex in EB	1,100,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	241,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-349
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-2,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Council Advisory Services	Opex budget savings 2020-2021 Corporate Services	-5,220
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-12,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	-241,000
		1,070,431

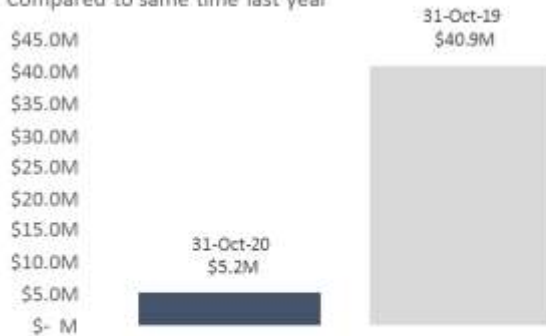
Project Ledger	Comment	Amount
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	300,700
Hokianga Harbour Coastal Repairs	Hokianga Harbour Coastal Repairs	200,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	110,000
RFID Installation	RFID Budget Brought Forward	90,000
Donald Ln to WINZ on N Park Drive -	New footpath redeployment package MBIE	80,000
IT Online Services Stage 3	Pathway Online Services funds from future year 2021-22 required	70,330
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	70,000
Ward Wide Town Beautification / Improvements Western	Ward Wide Town Western Beautification / Improvements	52,275
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	40,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	20,000
Rawene Housing for the Elderly	Rawene HFTE Unit3 building structural & plumbing fixtures renewal	15,753
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-2,245
Parks & Reserves Western	P&R Western Assets moving out to future years	-3,251
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-5,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-20,000
Parks & Reserves Western	P&R Western Assets moving out to future years	-32,511
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-40,000
Water Saving Devices for Russell public toilet facilitie	Budget not required this FY Move to 2024-25	-50,000
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-70,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-80,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-110,000
Russell Chapel Street Carpark	Russell Chapel Street Carpark	-122,451
Maritime - Improvement to Structures	Hokianga Harbour Coastal Repairs	-200,000
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-300,700
TIF Funding Application	TIF funding applications wrongly classified	-1,100,000
		-1,087,100

		-16,669
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Treasury Report

Cash Position

Compared to same time last year



	31-Oct-20	31-Oct-19
ASB General Fund	\$ 0.1M	\$ 0.6M
ASB Special Funds	\$ 5.1M	\$ 5.0M
Investments	\$ - M	\$ 36.5M
Total Cash	\$ 5.2M	\$ 40.9M

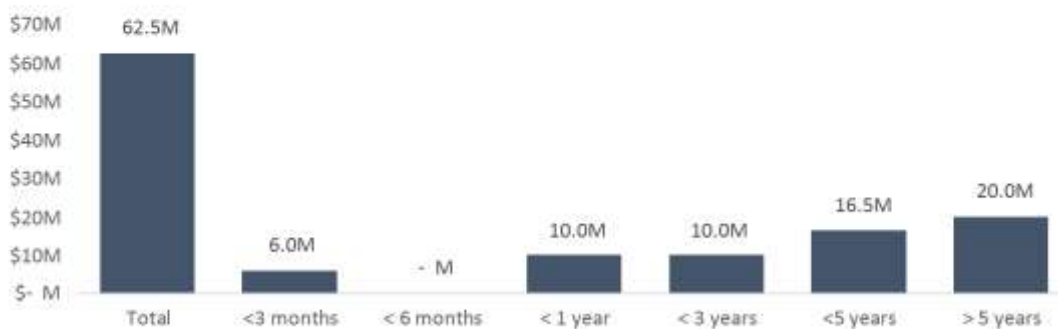
Banking Facility



Banking Facility	\$ 30.0M
Drawn down	\$ 6.0M
Available	\$ 24.0M

Public Debt

Loans by Maturity Date



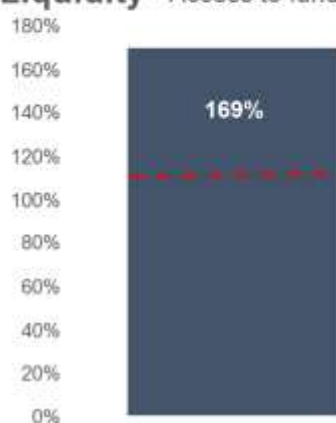
Treasury Compliance

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



Net Debt	\$ 57.3M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	40%
Policy Maximum	135%

Liquidity - Access to funds must be greater than 110%



External Debt	\$ 56.5M
ASB Banking Facility	\$ 30.0M
ASB Banking Facility used	-\$ 6.0M
Total Committed Public Debt	\$ 80.5M
Liquid Investments Cash at Bank	\$ 5.2M
Liquid Investments ASB Overdraft Facility	\$ 10.0M
	\$ 95.7M
Access to Funds	169%
Policy Minimum	110%

Note: Total revenue is based on 2020/21 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 Oct 2020 (Pd4)

	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)	29,948	29,842 -	106	89,525	-	89,525	59,578	33%	89,525	-
Rates - penalties	292	518	227	2,073	-	2,073	1,781	14%	2,073	-
Fees & charges (inc water supply rates)	5,978	6,067	89	17,059	-	17,059	11,081	35%	16,904	155
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	3,723	3,409 -	314	10,276	550	10,825	7,102	34%	10,884	59
Other Income	2,916	1,497 -	1,419	3,686	-	3,686	770	79%	4,427	741
Capital Income										
Central Govt Subsidies - New Works	1,890	2,782	892	6,124	3,230	9,354	7,464	20%	9,327	27
Central Govt Subsidies - Renewals	4,389	6,314	1,925	15,051	2,327	17,378	12,990	25%	15,297	2,082
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	1,043	-	1,043	-	-	-	1,043	100%	21,321	21,321
Total Operating Income	50,179	50,428	250	143,794	6,107	149,901	99,723	33%	169,758	19,857
Operational Expenditure										
Staff related costs	9,988	10,041	53	32,633	-	32,633	22,645	31%	32,604	29
Contractor Fees	9,921	9,202 -	720	28,719	-	28,719	18,798	35%	29,243	524
Professional Fees	1,586	2,614	1,028	9,291	-	9,291	7,705	17%	9,901	610
External Services	3,362	2,648 -	714	9,217	1,319	10,536	7,174	32%	11,679	1,143
Legal Costs	66	166	100	682	-	682	617	10%	682	-
General expenses	3,368	4,275	907	12,904	-	12,904	9,536	26%	12,961	56
Grants and donations	387	664	276	1,624	22	1,647	1,259	24%	1,624	22
Rate remissions	1,412	1,525	114	2,257	-	2,257	845	63%	2,257	-
Allocations (direct and indirect)	-	0	0	0	-	0	0	0%	0	-
Interest costs	478	572	93	1,715	-	1,715	1,236	28%	1,715	-
Sub total	30,568	31,706	1,138	99,042	1,342	100,384	69,816	30%	102,666	2,282
Depreciation and other asset costs	11,666	11,548 -	117	34,645	-	34,645	22,979	34%	34,645	-
Gain/Loss on Disposal	7	-	7	-	-	-	7	100%	-	-
Total Operational Expenditure	42,226	43,255	1,028	133,687	1,342	135,029	92,802	31%	137,310	2,282
Net Operating Surplus	7,952	7,174	778	10,107	4,765	14,872	8,920		32,448	17,575

Statement of Capital Performance

for the period ending Oct 2020 (Pd4)

	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	1,173	779 -	394	13,028	4,031	17,059	15,885	7%	17,278	220
Environmental Management	155	233	78	-	1,914	1,914	1,760	8%	1,914	-
Roading and Footpaths	10,409	12,601	2,193	37,388	7,974	45,362	34,953	23%	63,989	18,627
Wastewater	2,117	3,738	1,621	4,936	6,760	11,696	9,579	18%	11,552	144
Stormwater	669	345 -	325	1,179	666	1,844	1,175	36%	1,844	-
Solid Waste Management	15	-	15	325	96	421	406	4%	421	-
Water Supply	980	1,895	914	4,495	2,054	6,549	5,569	15%	8,675	2,126
Governance & Strategic Administration	511	435 -	76	2,334	1,952	4,286	3,776	12%	4,357	70
Customer Services	286	416	130	533	933	1,467	1,181	19%	1,557	90
Strategic Planning & Policy	-	-	-	-	-	-	-	0%	-	-
Total Capital Expenditure	16,316	20,440	4,125	64,219	26,380	90,599	74,283	18%	111,588	20,989

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	1,206	429 -	777	1,866	923	2,789	1,583	-43%	2,789	-
Environmental Management	2,664	2,009 -	655	5,464	-	5,464	2,800	-49%	5,464	-
Roading and Footpaths	12,410	12,457	47	34,441	3,151	37,592	25,183	-33%	56,949	19,357
Wastewater	31	1,641	1,610	403	2,032	2,435	2,404	-1%	2,435	-
Stormwater	-	-	-	-	-	-	-	-100%	-	-
Solid Waste Management	489	499	10	1,405	-	1,405	915	-35%	1,405	-
Water Supply	2,489	2,550	61	6,642	-	6,642	4,153	-37%	7,142	500
Governance & Strategic Administration	514	389 -	126	1,458	-	1,458	944	-35%	1,458	-
Customer Services	109	95 -	14	442	-	442	334	-25%	442	-
Strategic Planning & Policy	27	-	27	75	-	75	48	-36%	75	-
Total Operating Income	19,939	20,068	130	52,196	6,107	58,303	38,364	34%	78,160	19,857

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	2,529	3,193	663	9,549	550	10,099	7,570	25%	10,076	-24
Environmental Management	3,011	3,195	184	10,489	-	10,489	7,479	29%	10,389	-100
Roading and Footpaths	8,282	7,960 -	322	25,521	-	25,521	17,239	32%	27,260	1,739
Wastewater	2,120	2,211	91	6,850	792	7,642	5,522	28%	7,656	14
Stormwater	504	484 -	20	1,942	-	1,942	1,438	26%	1,942	-
Solid Waste Management	1,196	1,391	195	4,282	-	4,282	3,086	28%	4,282	-
Water Supply	2,252	1,409 -	842	4,970	-	4,970	2,718	45%	5,470	500
Governance & Strategic Administration	7,118	7,639	520	21,576	-	21,576	14,458	33%	21,547	-30
Customer Services	1,615	1,735	120	5,658	-	5,658	4,043	29%	5,741	82
Strategic Planning & Policy	1,456	1,918	463	6,489	-	6,489	5,034	22%	6,589	100
Total Direct Costs	30,083	31,134	1,051	97,328	1,342	98,669	68,586	30%	100,951	2,282