

Report To: Council



Meeting Date: 28 February 2023

Subject: **Financial Report - period ended 31 December 2022**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to provide an overall progress report on WDC's financial activities for the period ending 31 December 2022.

Background

- 2.1 The financial report provides financial oversight and accountability of Council's financial performance in delivering core services to the Waitomo District and community. It presents an overview of council operations for the period including significant variance commentary against year to date budget and updates on significant capital expenditure projects.
- 2.2 A copy of the Financial Report for the period ending 31 December 2022 is enclosed separately and forms part of this business paper.

Commentary

3.1 INCOME STATEMENT HIGHLIGHTS

- 3.2 The net operating surplus of \$2.5 million was \$3.4 million less than budget for the period ended 31 December 2022.
- 3.3 Total revenue was \$2.2 million less than budget for the period ended 31 December 2022. The variance against budget is due to:
 - Subsidy revenue from Waka Kotahi was less than budget. As capital expenditure was less for the period, the associated subsidy was also below budget.
 - Income from construction was recognised for construction services revenue for the stadium. An equivalent amount is also recognised in expenditure.
 - Other fees and charges were less than budget due to a reduction in refuse charges from reduced waste being deposited, reduced building control income due to a reduction in building activity and less hireage revenue for the Les Munro Centre.
- 3.4 Total expenditure was \$1.1 million more than budget for the period ended 31 December 2022. The variance against budget is due to:
 - Other expenditure was more than budget primarily for roads. The underlying variance related to unforeseen weather events leading to emergency reinstatement of roads and associated networks. This was partly offset by reduced landfill operational expenditures for Solid Waste and reduced expenditure for the Regulatory Services.
 - Depreciation expense was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets, roads and solid waste assets at

30 June 2022 which increased the value of these assets and the corresponding depreciation expense.

3.5 **BALANCE SHEET HIGHLIGHTS**

3.6 Total assets increased by \$3.5 million since 30 June 2022 to \$510.8 million. This included an increase in receivables for Waka Kotahi subsidy, rates receivables and GST refund receivable. There was also an increase in non-current assets for assets additions less depreciation charged on property, plant and equipment.

3.7 Total liabilities increased by \$1 million since 30 June 2022 to \$36.8 million. This included an increase in borrowings of \$4.5 million to \$32.7 million and a reduction in other liabilities of \$3.5 million. The reduction in other liabilities was due to a decrease in revenue in advance and general payables since 30 June 2022.

3.8 **CAPITAL EXPENDITURE**

3.9 Capital Expenditure was \$7.3 million for the period ended 31 December 2022, against a full year revised budget of \$26.6 million.

3.10 Included in the total expenditure to date is \$2.7 million that relates to the intangible asset for the stadium right of use. The remaining \$4.5 million spent to date equates to 17% of total capital works planned for the year.

3.11 Total roads capital expenditure for the six month period was \$1.6 million, against a full year revised budget of \$16.9 million. Roads and footpaths capital expenditure accounts for \$15 million of the unspent capital expenditure programme, the majority of this work is forecast to be completed before the end of the financial year.

3.12 Commentaries on the significant projects within the capital works programme are included under each area in the attached Financial Report.

Suggested Resolutions

The business paper on the Financial Report for the period ending 31 December 2022 be received.



ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

Attachment: Financial Report for the period ending 31 December 2022 [A653139]

FINANCIAL REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 DECEMBER 2022



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INTRODUCTION

The 2021-31 10 Year Plan (10YP) was adopted in June 2021. It sets out outcomes we aim to deliver for our community, through the activities we undertake.

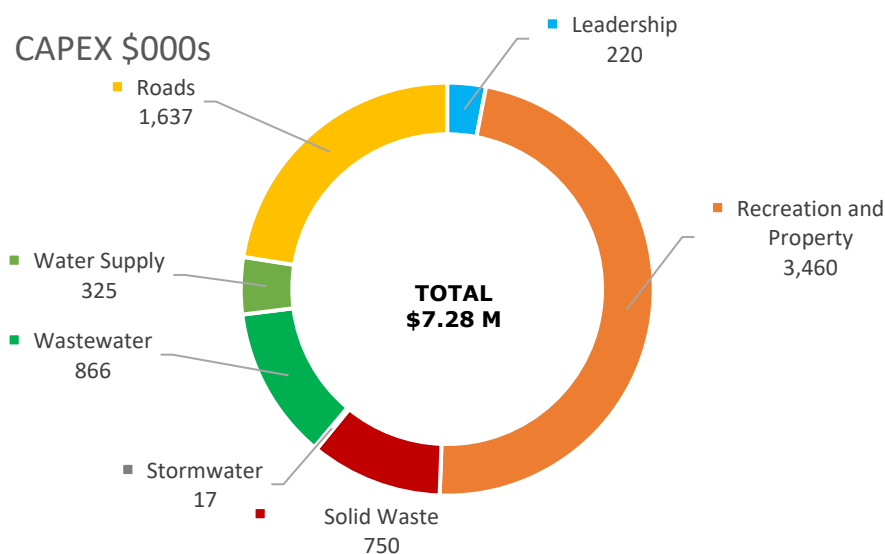
Council also uses Activity/Asset Management Plans to outline the detailed work programme and further communicate an annual programme of work at a high level through the Annual Plans 2022/23 and 2023/24.

Progress on the 10YP and Annual Plans are reported back to the community at the year-end through Council's Annual Reports.

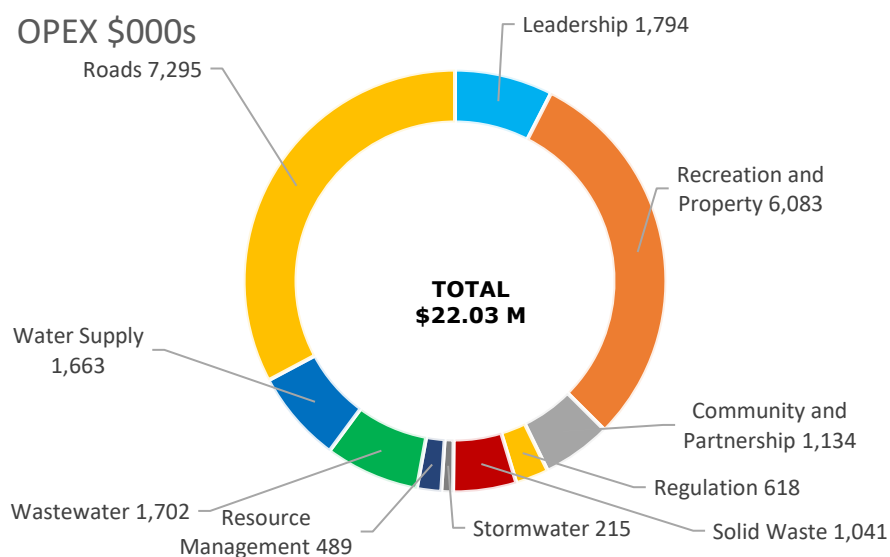
The purpose of this report is to provide high-level financial update of these Council activities for the months of July 2022 to December 2022.

SUMMARY

CAPITAL EXPENDITURE SUMMARY AS AT 31 DECEMBER 2022



OPERATIONAL EXPENDITURE SUMMARY AS AT 31 DECEMBER 2022



FINANCIALS

All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s). Budgets referred to as revised includes the 2022/23 budget, carryovers and any additional budgets approved.

INCOME STATEMENT HIGHLIGHTS

Set out below is the summary of financial information for the period ended 31 December 2022 (A cost of service statement and commentary on significant variances can found within each Group of Activities).

WHOLE OF COUNCIL \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(20,666)	(21,247)	(21,247)	(10,702)	(10,724)	(22)	A
Subsidies and Grants	(14,610)	(21,712)	(24,163)	(7,661)	(13,778)	(6,117)	B
Interest Revenue	(33)	(12)	(12)	(16)	(5)	11	
Fees and Charges and Income from Construction	(8,288)	(4,176)	(4,256)	(5,904)	(2,156)	3,745	C
Other Revenue incl Gains/Losses	(627)	(190)	(190)	(246)	(95)	148	D
Total Revenue	(44,224)	(47,337)	(49,868)	(24,529)	(26,758)	(2,235)	8%
Operating Expenditure							
Other Expenditure	28,811	25,667	31,731	17,132	16,475	(657)	E
Depreciation	7,075	7,580	7,580	4,297	3,788	(506)	F
Finance Costs	978	1,257	1,257	605	627	22	G
Total Operating Expenditure	36,864	34,504	40,568	22,034	20,890	(1,141)	-5%
Net (Surplus)/Deficit	(7,360)	(12,833)	(9,300)	(2,495)	(5,868)	(3,376)	58%

Net Operating Surplus: The net operating surplus of \$2.5 million was \$3.4 million less than budget for the period ended 31 December 2022.

Total Revenue was \$2.2 million less than budget for the period ended 31 December 2022.

- A Rates revenue was less than budget for metered water, offset in part by more rates penalties revenue.
- B Subsidy revenue from Waka Kotahi NZTA was less than budget. As capital expenditure was less for the period, the associated subsidy was also below budget.
- C Fees and charges revenue and income from construction were more than budget due to the recognition of construction services revenue for the Gallagher Recreation Centre (GRC). Other fees and charges were less than budget due to a reduction in refuse charges, building control income and reduced hireage of the Les Munro Centre.
- D A gain on the disposal of fleet vehicles was recognised during the quarter.

Total Operating Expenditure was \$1.1 million more than budget for the period ended 31 December 2022.

- E Other expenditure was \$657,000 more than budget primarily for roads. The underlying variance related to unforeseen weather events leading to emergency reinstatement of roads and associated networks. This was partly offset by reduced landfill operational expenditures for Solid Waste and Regulation.
- F Depreciation expense was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets, roads and solid waste assets at 30 June 2022 which increased the value of these assets and the corresponding depreciation expense.
- G Finance costs were less than budget to a lower level of borrowings than forecast in the annual plan.

BALANCE SHEET HIGHLIGHTS

Balance Sheet highlights presented below show the movement in Council's financial position from 1 July 2022 to 31 December 2022.

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Actual Position 30 Jun 2022	Actual Position 31 Dec 2022	Movement from 30 Jun 2022
Assets			
- Cash and cash equivalents	2,352	994	(1,358)
- Receivables	6,145	8,049	1,904
- Other current assets	120	120	(0)
- Other financial assets	6,924	6,966	42
- Non-current assets	491,793	494,730	2,937
TOTAL ASSETS	507,334	510,859	3,525
Liabilities			
- Other Liabilities	7,574	4,091	(3,483)
- Total Borrowings	28,194	32,710	4,516
- Derivative financial instruments	31	31	(0)
Total Liabilities	35,799	36,831	1,032
Equity			
- Equity	471,535	474,028	2,493
TOTAL LIABILITIES AND EQUITY	507,334	510,859	3,525

Total Assets have increased from \$507.3 million to \$510.9 million.

- Cash and cash equivalents have decreased by \$1.4 million from \$2.3 million to \$0.9 million.
- Receivables increased by \$1.9 million since 30 June 2022 from \$6.1 million to \$8.0 million mostly due to Waka Kotahi subsidy receivable, rates receivable and GST refund receivable.
- Non-current assets have increased by \$2.9 million, which is net asset additions of \$7.3 million, less depreciation of \$4.3 million.

Total Liabilities increased from \$35.8 million to \$36.8 million.

- Other liabilities decreased by \$3.5 million due to a reduction in the revenue in advance of \$1.2 million recognised for the construction of the GRC and a decrease in general payables compared to June 2022. Included in the June 2022 balance were payables for GRC construction, TWR projects and a larger payable at June 2022 for the roads maintenance and reseals compared to December 2022.
- Total Borrowings were \$32.7 million, an increase of \$4.5 million from June due to the drawdown of Wholesale Advance for cashflow purposes.

Total equity increased by \$2.5 million to \$474.0 million, which was the net surplus for the period.

CAPITAL EXPENDITURE

Set out below is the full year Capital Expenditure budget for the year compared to actual expenditure for the period ended 31 December 2022.

(Amounts in \$000's)	Annual Plan	Plus Carryover from prior year	Plus additional approved budget	Stadium transferred to Opex	Revised Budget	YTD Actual	Var - Actuals vs Revised Budget
Leadership	765	1,113	0	0	1,878	220	1,658
Recreation and Property	4,072	1,042	54	-3,732	1,436	722	714
Intangible asset – stadium right of use	0	0	0	0	0	2,738	(2,738)
Regulation	10	10	0	0	20	0	20
Solid Waste	2,708	209	0	0	2,917	750	2,167
Stormwater	128	115	230	0	473	17	456
Wastewater	579	342	683	0	1,604	866	738
Water Supply	353	377	581	0	1,311	325	986
Roads	14,999	1,941	50	0	16,990	1,637	15,353
Total	23,614	5,149	1,598	-3,732	26,630	7,275	19,355

The capital expenditure budget was revised to incorporate unspent carryovers (\$5.1 million) from the 2021/22 year and additional capital budget approved by Council (\$1.6 million) to give a total budget of \$26.6 million. The significant project budgets carried over from the prior year include the Mokau toilet renewal, seismic strengthening of the Administration Building, road improvements and renewals and information services capital and fleet vehicle renewals.

Total actual capital expenditure was \$7.3 million for the six months ended 31 December 2022, of which \$2.7 million (38%) relates to the recognition of the Intangible asset for the stadium right of use, \$1,637,000 (22%) relates to Roads and Footpaths and \$750,000 (10%) relates to Solid Waste mostly for the purchase of carbon credits for future surrender obligations.

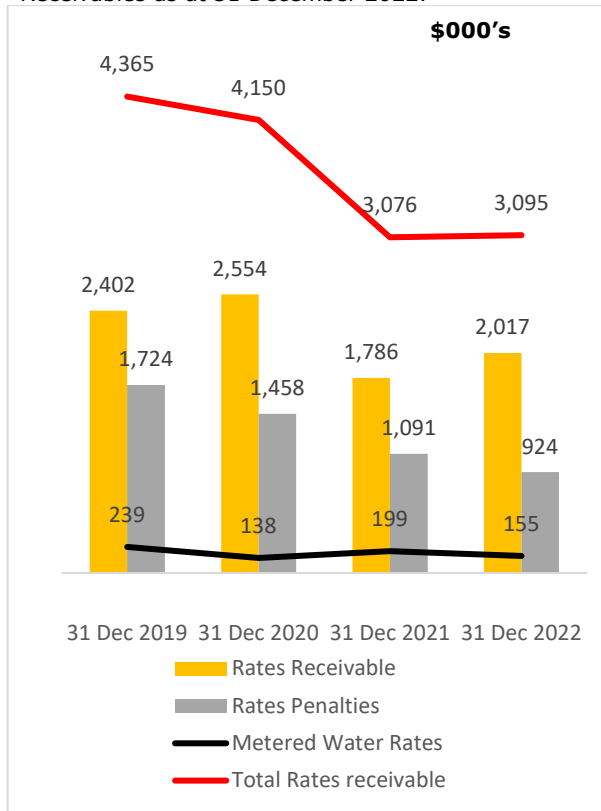
Total roads capital expenditure for the six month period was \$1.6 million, against the full year budget of \$16.9 million. Roads and footpaths capital expenditure accounts for \$15 million of the unspent capital expenditure programme, the majority of this work is in procurement or construction phase and is forecast to be completed before the end of the financial year.

Further detail on the significant capital expenditure projects is included within each Group of Activities.

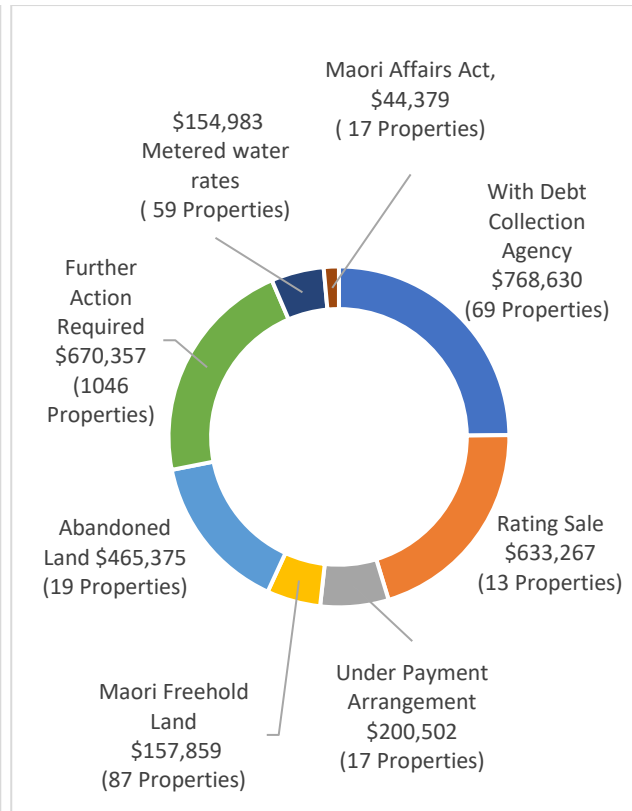
RATES RECEIVABLES

TOTAL RATES RECEIVABLES

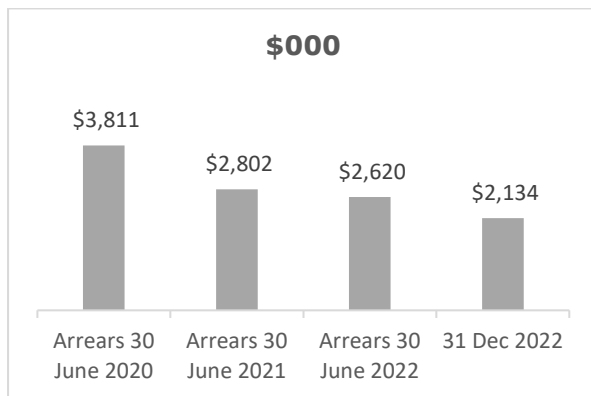
Set out below is the summary of Rates Receivables as at 31 December 2022.



RATES ARREARS AS AT 31 DECEMBER 2022

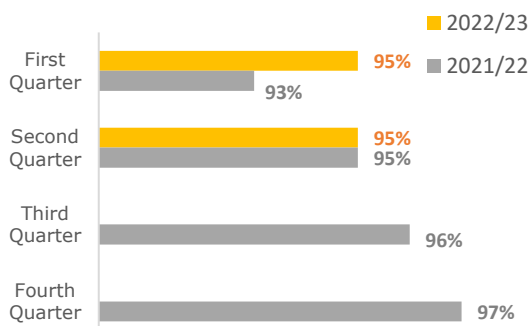


PREVIOUS YEARS RATES ARREARS SUMMARY*



*excludes metered water rates

RATES INSTALMENT COLLECTION TRACKER



Progress:

The second quarter has shown some progress on debt collection. Council presently has \$3.095 million of outstanding debt. The historical debt (prior to 1 July 2022) of \$1.940 million is being managed by Debt Management Collection Limited (DMC). On 31 December 2022 DMC have advised that:

- \$792k is being actively managed with payment arrangements in place or being negotiated.
- \$17k incurring mortgagee demand.
- \$282k in default of arrangements with DMC following up.
- \$173k is presently under further investigation and/or location of ratepayers being sought by DMC.
- \$504k presently in legal action (includes rating sales and abandoned land)
- \$172k has been collected to date.

The balance of the debt (\$1.155 million) relates to debt presently being managed in house.

Further movement has also occurred with the five properties (\$264k) presently under application to the High Court for rating sale. It is likely that these properties will be advertised in March 2023 with the tenders closing in April 2023, subject to Court Approval.

LEADERSHIP

FINANCIAL UPDATE

LEADERSHIP \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(3,473)	(3,675)	(3,675)	(1,966)	(1,928)	38	A
Subsidies and Grants	(1)	(20)	(394) ¹	(87)	(88)	(1)	
Interest Revenue	(33)	(12)	(12)	(16)	(5)	11	B
Fees and Charges	(104)	(119)	(119)	(44)	(45)	(2)	
Other Revenue incl Gains/Losses	0	0	0	(137)	0	137	C
Total Revenue	(3,611)	(3,826)	(4,200)	(2,250)	(2,066)	183	-9%
Operating Expenditure							
Other Expenditure	2,695	3,197	3,665 ²	1,436	1,323	(113)	D
Depreciation	536	665	665	288	332	44	E
Finance Costs	23	116	116	70	58	(12)	F
Total Operating Expenditure	3,254	3,978	4,446	1,794	1,713	(81)	-5%
Net (Surplus)/Deficit	(357)	152	246	(456)	(353)	102	-29%

Variance comments:

- A Rates penalties revenue was more than forecast.
- B Interest revenue was tracking ahead of budget for interest earned on cash in the operational account. Only a very conservative interest revenue budget was forecast.
- C Gains on the disposal of vehicles was recognised during the period.
- D Other expenditure was more than forecast for a variation on last years audit fee (\$30,000) as additional unplanned audit hours were required to complete the audit of the asset valuations undertaken at 30 June. Software licencing costs were also ahead of budget due to the timing of budget allocation versus the actual timing of invoicing. This was partially offset by reduced allocated costs.
- E Depreciation costs for IT assets and motor vehicles were less than forecast. Delays in completing capital renewal projects for both functions were experienced due to supply chain issues for motor vehicles and delays in completing information services capital projects last year. This was partly offset by additional depreciation expense for the administration building as a result of the revaluation of building assets at 30 June 2022.
- F Finance costs were more than forecast for the leadership activity however this is offset additional interest received, effectively giving a nil variance. It should noted that overall external interest costs were \$605,000 for the six months to December; \$22,000 less than budget.

¹ The revised budget includes \$374,000 of additional funding to be received for TWR Transition Tranche 1. An equivalent amount has also been included in Other Expenditure.

² The revised budget includes \$374,000 of additional expenditure for TWR Transition costs, \$170,500 carryover from prior year for consultants fees, LTP development costs and quarry assessments and reduced allocated costs budgets to reflect the current organisational structure.

CAPITAL EXPENDITURE

Leadership \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Information Services Projects	389	633	37	596	A
Fleet Vehicles	303	581	166	415	B
Administration Building Renewals	6	364	12	352	C
Customer Services Relocation	0	210	0	210	D
Other Minor Projects	67	90	6	84	
Total Capital Expenditures	765	1,878	220	1,658	88%

Variance comments:

The revised budget includes carryover budgets of \$1,113,000.

- A Included in the revised budget is a carryover of \$243,900. Three significant projects for Business Support and Information Services have been initiated. The replacement of the existing Honeywell security system is at information gathering stage and the work likely to begin soon. The Magiq cloud migration and other associated system automation for the successful migration to the cloud work is also in planning stage with the statement of work to be approved next month. The end user device renewal work has kicked off and will continue throughout the financial year based on the devices' useful lives. WDC is still experiencing supply chain issues with hardware supply.
- B Included in the revised budget is a \$278,000 carryover from last financial year for fleet vehicles. The renewal of fleet vehicles has been impacted by the pandemic with very long delivery delays being experienced. One fourth of the planned fleet vehicles renewed, the remaining vehicles currently on order. They are expected to be received later in the year.
- C Included in the revised budget is a \$358,300 carryover from prior years. The cost estimate for the Administration Building Renewal project has come in higher than budgeted. The primary scope included seismic strengthening and fire system upgrades to meet the current standards. During further design and scoping work it came to light that the earthquake strengthening work proposed does not meet the requirement for the office block to be utilised as an emergency centre. The scope of this project is being reassessed.
- D Included in the revised budget is a carryover of \$210,000 from prior years. The relocation project of the customer services to the I-site building is in the planning stage with the request for quote under review. This project is likely to be completed by June this financial year.

COMMUNITY AND PARTNERSHIPS

FINANCIAL UPDATE

COMMUNITY AND PARTNERSHIP \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(1,720)	(1,635)	(1,635)	(822)	(818)	5	
Subsidies and Grants	(505)	0	(450) ³	(275)	(220)	55	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(4)	(4)	(4)	(3)	(2)	1	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
Total Revenue	(2,229)	(1,639)	(2,089)	(1,100)	(1,040)	61	-6%
Operating Expenditure							
Other Expenditure	1,611	1,768	2,284 ⁴	1,126	1,200	73	B
Depreciation	2	4	4	8	2	(5)	C
Finance Costs	0	0	0	0	0	0	
Total Operating Expenditure	1,613	1,772	2,288	1,134	1,202	68	6%
Net (Surplus)/Deficit	(616)	133	199	34	162	129	80%

Variance comments:

- A Grant received from Sport Waikato for Waitomo Bikes in Schools was received during the period. This project will be implemented in the second half of the year.
- B Expenditure for community partnership grants and rates remissions were less than budget along with reduced allocated costs.
- C Depreciation expense is more than forecast for the Isite building due to the revaluation of building assets at 30 June 2022 which increased the value of the asset and the corresponding depreciation expense.

³ The revised budget includes \$450,000 of additional revenue for Mayors Taskforce for Jobs.

⁴ The revised budget includes \$435,000 of additional expenditure for Mayors Taskforce for Jobs, \$100,000 carryover to fund the operating cost component of Town and District Entrance Statements and reduced allocated costs budgets to reflect the current organisational structure.

RECREATION AND PROPERTY

FINANCIAL UPDATE

RECREATION AND PROPERTY \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(3,467)	(3,545)	(3,545)	(1,785)	(1,772)	12	
Subsidies and Grants	(2,267)	(3,611)	(3,741) ⁵	(2,766)	(3,681)	(915)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges and Income from Construction	(4,955)	(508)	(508)	(4,113)	(224)	3,889	B
Other Revenue incl Gains/Losses	(390)	(1)	(1)	(1)	0	0	
Total Revenue	(11,079)	(7,665)	(7,795)	(8,665)	(5,677)	2,986	-53%
Operating Expenditure							
Other Expenditure	7,281	3,046	7,009 ⁶	5,415	5,279	(136)	C
Depreciation	1,065	1,195	1,195	610	597	(12)	D
Finance Costs	76	135	135	58	68	10	
Total Operating Expenditure	8,422	4,376	8,339	6,083	5,944	(138)	-2%
Net (Surplus)/Deficit	(2,657)	(3,289)	544	(2,582)	267	2,848	1067%

Variance comments:

- A Grant revenue of \$2.58 million was recognised from the funding partners for the construction of the Gallagher Recreation Centre. This includes the funds from Trust Waikato, Crown Infrastructure and Lotteries. Grant revenue was also received from the Department of Internal Affairs for the NZ Library Partnership Programme along with revenue for Brook Park native tree planting project and the construction of Mokau toilets.
- B Fees and charges and income from construction of \$3.9 million was recognised for construction services revenue for the GRC. Offsetting this, is reduced revenue for the hireage of the Les Munro Centre.
- C Other expenditure was more for the recognition of construction services expenditure of \$3.9 million. Offsetting this is unspent budget for the power relocation and electrical improvements at the aerodrome.
- D Depreciation was more than budget due to the revaluation of building assets at 30 June 2022 which increased the asset value and the corresponding depreciation expense.

⁵ The revised budget includes additional revenue of \$130,000 to part fund the construction of Mokau Toilets.

⁶ The revised budget includes \$3,732,000 for the stadium construction which was originally budgeted in capital expenditure but is now recognised in operating expenditure, \$11,000 carryover for the Aquatic centre pool painting and repairs and a transfer of budgets for allocated costs to reflect the current organisational structure. \$132,500 additional budget was approved for power relocation and electrical improvements at the aerodrome.

CAPITAL EXPENDITURE

RECREATION AND PROPERTY \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Parks and Recreation	98	177	42	135	A
Housing and Property	87	115	4	111	B
Les Munro Centre Renewals	21	201	11	190	C
Intangible Asset-Stadium Right To Use	3,732	0	2,738	(2,738)	D
Community Facilities Projects	94	186	41	145	E
Mokau Toilets	0	474	577	(103)	F
Public Facilities Projects	41	283	47	236	G
Total Capital Expenditures	4,072	1,436	3,460	(2,026)	-141%

Variance comments:

The revised budget includes carryover budgets of \$1,042,000 and additional approved budgets of \$54,000 for the aerodrome electrical work (see note E below).

- A The revised budget for Parks and Recreation includes budget carryovers of \$79,200 for Mokau surface track for emergency vehicles, Tui Park fencing and Centennial Park bollard installation and playground renewals. Expenditure to date includes emergency renewals to strengthen Mokau jetty, expenditure to reinstate walking track at Tokopapa Street and installation of bollards at Centennial Park.
- B The revised budget for Housing and Property includes \$79,000 budget for campground renewals.
- C The revised budget for Community Facilities includes \$180,000 carryover budget for the replacement of the main air-conditioning unit at the Les Munro Centre (LMC). The HVAC unit for the LMC has been ordered from the overseas supplier. Delay in delivery is anticipated as it is a long lead item with lengthy delivery period.
- D Total capital expenditure of \$2,738,000 was recognised during the quarter for the GRC. The amount recognised increases the Intangible asset (under the service concession arrangement) which reflects WDC's right (as the operator) to use the facility for 35 years. The annual plan budget was revised to transfer the original \$3,732,000 budget to operational expenditure to align with the construction spend which is recognised as part of direct costs rather than capital expenditure.
- E Included in Community Facilities Projects is the aerodrome power relocation and improvement works. The total additional budget approved by Council was \$186,000, with \$53,500 recognised as capital expenditure, and the remainder \$132,500 recognised as operational expenditure as it is assumed that some of the assets will not be owned by WDC. Work is scheduled to commence at the end of March. The scope has been revised and will come in significantly under budget while still meeting the original objectives of the project.
- F The construction of the Mokau public toilets is now complete with the official opening ceremony held on the 14 November 2022 with a small group of elected members, mana whenua, Mōkau Primary School staff and Council staff in attendance. This project was part funded by grant revenue.
- G The revised budget for Public Facilities Projects includes budget carryovers of \$242,500 for renewal of the access-way at Te Kuiti cemetery and improvements for Te Ara Tika amenity areas which will be completed with the Town Centre Concept projects.

REGULATORY SERVICES

FINANCIAL UPDATE

REGULATORY SERVICES \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(826)	(948)	(948)	(478)	(474)	4	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(512)	(449)	(529) ⁷	(272)	(339)	(67)	A
Other Revenue incl Gains/Losses	(20)	(9)	(9)	(3)	(5)	(3)	
Total Revenue	(1,358)	(1,406)	(1,486)	(753)	(818)	(66)	8%
Operating Expenditure							
Other Expenditure	1,148	1,399	1,462 ⁸	612	724	112	B
Depreciation	7	8	8	6	4	(2)	
Finance Costs	0	0	0	0	0	0	
Total Operating Expenditure	1,155	1,407	1,470	618	728	110	15%
Net (Surplus)/Deficit	(203)	1	(16)	(135)	(90)	44	-49%

Variance comments:

- A Revenue was less than forecast for building control due to reduced building activity. This was partly offset by dog registration revenue that was more than budget for the period.
- B Other expenditure was below budget for animal control contractor costs, noise control, legal costs for animal and building control and reduced allocated costs.

CAPITAL EXPENDITURE

REGULATORY SERVICES \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Animal and Dog Control Pound Renewals	10	20	0	20	A
Total Capital Expenditures	10	20	0	20	100%

Variance comments:

- A The capital renewal work is likely to take place over the next 12-18 months with some budget being spent this financial year and carry forward remaining budget to the next financial year.

⁷ The revised budget includes \$80,000 of additional building revenue expected to be received.

⁸ The revised budget includes a transfer of budget for allocated costs to reflect the current organisational structure.

RESOURCE MANAGEMENT

FINANCIAL UPDATE

RESOURCE MANAGEMENT \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(398)	(437)	(437)	(220)	(218)	2	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(207)	(180)	(180)	(87)	(90)	(3)	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
Total Revenue	(605)	(617)	(617)	(307)	(308)	(1)	0%
Operating Expenditure							
Other Expenditure	801	1,427	1,469 ⁹	469	507	38	A
Depreciation	0	0	0	0	0	0	
Finance Costs	31	43	43	20	21	1	
Total Operating Expenditure	832	1,470	1,512	489	528	39	7%
Net (Surplus)/Deficit	227	853	895	182	220	38	17%

Variance comments:

A Other expenditure was less during the period for consultancy services and allocated costs. District Plan Development expenditure was less than expected for this period. Due to the involved and complex nature of this project it is not unexpected to have variations in the timing of expenditure.

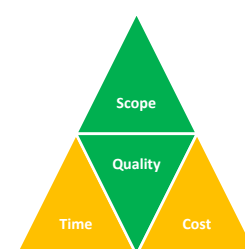
PROJECTS AND PROGRAMME UPDATES

District Plan Review

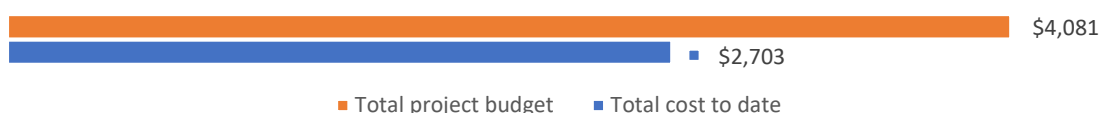
Programme Summary: A review of the Operative Waitomo District Plan in accordance with statutory requirements.

The Proposed Waitomo District Plan (PDP) must be legally robust and provide guidance for long term resource management issues in the District and is inherently complex with many associated workstreams. This project will continue through 2022/23.

Progress: The PDP was notified in accordance with Clause 5 of Schedule 1 of the Resource Management Act 1991 on 20 October 2022, and 58 submissions were received. Staff are now working on the summary of submissions.



District Plan Development Total Project Costs to date (\$000's)



Next steps: Notify a summary of decisions on submissions on the PDP.

End date: June 2023

⁹ The revised budget includes a transfer of budget for allocated costs to reflect the current organisational structure.

SOLID WASTE

FINANCIAL UPDATE

SOLID WASTE \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(1,150)	(1,108)	(1,108)	(556)	(554)	2	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(1,498)	(1,923)	(1,923)	(852)	(962)	(111)	A
Other Revenue incl Gains/Losses	(61)	(35)	(35)	(36)	(18)	18	B
Total Revenue	(2,709)	(3,066)	(3,066)	(1,444)	(1,534)	(91)	6%
Operating Expenditure							
Other Expenditure	2,662	2,876	2,996 ¹⁰	938	1,108	170	C
Depreciation	95	92	92	51	46	(5)	
Finance Costs	110	120	120	52	57	5	
Total Operating Expenditure	2,867	3,088	3,208	1,041	1,211	170	14%
Net (Surplus)/Deficit	158	22	142	(403)	(323)	79	-24%

Variance comments:

- A Revenue received at the landfill was less for general refuse charges as waste volumes deposited at the landfill were reduced. This was partly offset by an increase in revenue from the sale of rubbish bags.
- B Other revenue for the period was more for the waste minimisation levy.
- C Other expenditure was less for landfill operational costs, reduced allocated costs and reduced waste minimisation levy expenditure due to lower waste volumes. These reductions were partly offset by increased landfill bin movement and increased contract costs for Marokopa litter bins.

CAPITAL EXPENDITURE

SOLID WASTE \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Cell Development and Highwall Shaping	1,900	2,056	51	2,005	A
Carbon Credits Purchase	656	709	690	19	
Solid Waste Other Minor Projects	152	152	8	144	B
Total Capital Expenditures	2,708	2,917	750	2,168	74%

Variance comments:

The revised budget includes carryover budgets of \$209,000.

- A The first stage of the landfill development plan is the installation of the gas collection system. Modelling and design of an appropriate gas capture system has been completed with design of the gas flare still to be finalised. The project is currently on hold until the review on landfill operations has been completed. A paper on this will be taken to Council.
- B Solid Waste Other Minor Projects includes \$67,200 for the installation of water tanks at Te Kuiti Landfill for firefighting purposes.

¹⁰ The revised budget includes a transfer of budget for allocated costs to reflect the current organisational structure.

STORMWATER

FINANCIAL UPDATE

STORM WATER \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(458)	(474)	(474)	(240)	(237)	3	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(7)	0	0	(1)	0	1	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
Total Revenue	(465)	(474)	(474)	(241)	(237)	4	-2%
Operating Expenditure							
Other Expenditure	170	247	300 ¹¹	86	81	(5)	
Depreciation	219	219	219	125	109	(16)	A
Finance Costs	7	7	7	4	4	0	
Total Operating Expenditure	396	473	526	215	194	(21)	-11%
Net (Surplus)/Deficit	(69)	(1)	52	(26)	(43)	(17)	40%

Variance comments:

- A Depreciation expense was more than forecast due to the revaluation of stormwater assets at 30 June 2022 resulting in an increase in asset value and a corresponding increase in depreciation.

CAPITAL EXPENDITURE

Storm Water \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Te Kuiti Renewals	123	464	17	447	A
Rural Renewals	5	10	0	10	
Total Capital Expenditures	128	474	17	457	96%

Variance comments:

- A Te Kuiti stormwater renewals includes a carryover budget of \$115,000 and an additional budget of \$230,000 for a new stormwater main as part of the Te Kuiti West Catchment Improvement project. Tenders have been called for the Stormwater Reticulation renewals and a contractor is expected to be appointed by March 2023.

¹¹ The revised budget includes a carryover budget of \$50,000 for stormwater catchment plans and a transfer of budget for allocated costs to reflect the current organisational structure.

WASTEWATER

FINANCIAL UPDATE

WASTEWATER \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(2,183)	(1,982)	(1,982)	(996)	(991)	5	
Subsidies and Grants	(570)	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(821)	(855)	(855)	(439)	(425)	14	A
Other Revenue incl Gains/Losses	(23)	0	0	0	0	0	
Total Revenue	(3,597)	(2,837)	(2,837)	(1,435)	(1,416)	19	-1%
Operating Expenditure							
Other Expenditure	2,146	2,075	2,244 ¹²	1,103	1,073	(30)	B
Depreciation	913	946	946	497	473	(24)	C
Finance Costs	191	215	215	102	108	5	
Total Operating Expenditure	3,250	3,236	3,405	1,702	1,654	(49)	-3%
Net (Surplus)/Deficit	(347)	399	568	267	238	(30)	-13%

Variance comments:

- A Te Kuiti trade waste revenue reported under fees and charges was more than forecast.
- B Other expenditure was more for electricity costs, chemicals, reticulation and maintenance costs, and consultant fees for Te Kuiti. The increase is partly offset by reduced allocated costs.
- C Depreciation expense was more than forecast due to the revaluation of wastewater assets at 30 June 2022 resulting in an increase in asset value and a corresponding increase in depreciation.

¹² The revised budget includes a carryover of \$18,000 for wastewater consent compliance, an additional budget of \$65,000 approved to fund increased costs associated with the reticulation maintenance contract and a transfer of budget for allocated costs to reflect the current organisational structure.

CAPITAL EXPENDITURE

Wastewater \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Te Kuiti Wastewater Reticulation and Plant Renewals	419	695	144	551	A
Te Kuiti West Catchment Improvements	120	802	718	84	B
Te Waitere Soakage Field	35	102	2	99	C
Wastewater Other Minor Projects	5	5	2	3	
Total Capital Expenditures	579	1,604	866	738	46%

Variance comments:

The revised budget includes carryover budgets of \$342,000 and additional budget of \$682,000 approved for Te Kuiti west catchment improvements.

- A Reticulation and plant renewals includes carryover budgets of \$276,000 for reticulation renewals in Te Kuiti. Tenders for the renewal contract has been requested from the market. A Contractor will be appointed by March 2023.
- B The revised budget for Te Kuiti West catchment improvements includes additional budget approved of \$682,000 for a new sewer main and rising main, Hillview pump station purchase and SCADA improvements. The majority of the work has been completed with only minor work remaining to around the new wastewater pumpstation.
- C Te Waitere soakage field includes a carryover budget of \$66,700 for the renewal and extension of the soakage field. A request for quotations is open and the renewal of the soakage field is expected to be completed by the end of June 2023.

WATER SUPPLY

FINANCIAL UPDATE

WATER SUPPLY \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(2,642)	(2,969)	(2,969)	(1,402)	(1,495)	(93)	A
Subsidies and Grants	(2,579)	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(26)	(3)	(3)	(2)	(2)	0	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
Total Revenue	(5,247)	(2,972)	(2,972)	(1,404)	(1,497)	(93)	6%
Operating Expenditure							
Other Expenditure	2,454	2,102	2,263 ¹³	1,106	1,099	(6)	
Depreciation	759	891	891	424	445	22	B
Finance Costs	238	275	275	133	138	5	
Total Operating Expenditure	3,451	3,268	3,429	1,663	1,682	21	1%
Net (Surplus)/Deficit	(1,796)	296	457	259	185	(72)	-39%

Variance comments:

- A Rates revenue was less than budget for Te Kuiti and Mokau metered water charges.
- B Depreciation was tracking less than revised budget by \$22,000. The reduced amount is mainly due to a significant portion of the capital expenditure for Water Supply in 2021/22 and prior years being held in Work in Progress which is not depreciated. The asset valuation at 30 June 2022 resulted in a valuation increase and a resulting increase in depreciation for 2022/23, however this increase is offset by the value of assets capitalised (and subsequently depreciated) being less than budget.

¹³ The revised budget includes additional budget approved for \$65,000 to fund increased costs associated with the reticulation maintenance contract and a transfer of budget for allocated costs to reflect the current organisational structure.

CAPITAL EXPENDITURE

Water Supply \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Te Kuiti Reticulation and Plant Renewals	270	653	133	520	A
Te Kuiti Water Resilience Project	0	300	2	298	B
Mokau Plant Upgrade and Reticulation Renewals	6	231	171	60	C
Water Supply - Other Minor Projects	77	127	18	109	D
Total Capital Expenditures	353	1,311	325	986	75%

Variance comments:

The total revised budget includes carryover budgets of \$377,000 and additional approved budgets of \$581,000 for Te Kuiti water resilience project, Mokau plant upgrade and Te Kuiti west catchment improvement project.

- A The revised budget for Te Kuiti reticulation and plant renewals includes carryover budgets of \$310,800, of which \$122,000 is attributed to the Lawrence St watermain replacement. Additional budgets approved of \$72,000 have also been included for the Te Kuiti West Catchment project. Tenders have been called for the Te Kuiti Reticulation renewals and a contractor is expected to be appointed by March 2023.
- B The revised budget for Te Kuiti Water resilience project includes an additional approved budget of \$300,000. The procurement plan is being developed to progress the first stage of this project.
- C The revised budget for Mokau includes carryover budgets of \$16,000 for the backwash resource consent renewal and the additional \$209,000 approved budget that was required to complete the Mokau plant upgrade project. Expenditure of \$171,000 to date is mostly related to the Mokau plant upgrade.
- D Included in other minor projects is the revised budget for Piopio and Benneydale. The carryover budgets of \$50,000 allocated to plant and reticulation renewals and the renewal of the Piopio resource consent.

ROADS AND FOOTPATHS

FINANCIAL UPDATE

ROADS AND FOOTPATHS \$000's	Actual 2021/22	Annual Plan	Revised Budget	YTD Actual	YTD Revised Budget	Var to YTD Revised Budget	%Var and Note Ref
Revenue							
Rates	(4,349)	(4,474)	(4,474)	(2,237)	(2,237)	0	
Subsidies and Grants	(8,688)	(18,081)	(19,578) ¹⁴	(4,533)	(9,789)	(5,256)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(154)	(135)	(135)	(91)	(67)	23	B
Other Revenue incl Gains/Losses	(133)	(145)	(145)	(69)	(72)	(4)	
Total Revenue	(13,324)	(22,835)	(24,332)	(6,930)	(12,165)	(5,237)	43%
Operating Expenditure							
Other Expenditure	7,843	7,530	8,039 ¹⁵	4,841	4,081	(760)	C
Depreciation	3,479	3,560	3,560	2,288	1,780	(508)	D
Finance Costs	302	346	346	166	173	8	
Total Operating Expenditure	11,624	11,436	11,945	7,295	6,034	(1,260)	-21%
Net (Surplus)/Deficit	(1,700)	(11,399)	(12,387)	365	(6,131)	(6,497)	106%

Variance comments:

- A Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 75%, with some emergency works expenditure receiving 95%. As capital expenditure was less than budget, the subsidy associated was also less than budget. This was partly compensated by more subsidy recognised for operational expenditures.
- B Fees and charges were more for sundry revenues and the capitation fee received for the contribution to road maintenance.
- C Other expenditure was more than forecast for emergency re-instatement first response expenditure, sealed pavement maintenance, professional services and administration services for roading. This was partly offset by reduced unsealed pavement maintenance and traffic services maintenance costs.
- D Depreciation for roading assets has increased due to a significant increase in asset values at 30 June 2022. The road components most affected were sealed surface, pavement base and bridges and major culverts. The valuation increase was due to a significant increase in construction costs of road components and is the key basis for the valuation. Not all the depreciation will be fully funded from rates and other revenues, due to Council's adopted policy to "fund depreciation to the extent of internal loans repayments and Council's share (the local share) of renewal capital expenditure.

¹⁴ The revised budget includes additional subsidy revenue due to the increased roading programme from carryover budgets.

¹⁵ The revised budget includes \$55,000 of carryover budget for routine drainage maintenance; an additional budget of \$350,000 for truck parking on SH3 Mokau and \$70,000 for Ailsa St extension expenditure which is recognised as an operational expense; and a transfer of budget for allocated costs to reflect the current organisational structure.

CAPITAL EXPENDITURE

Roads \$000's	AP 2023	Revised Budget 2023	YTD Actuals	Var to Full Year Revised Budget	%Var and Note Ref
Sealed Road Pavement Rehabilitation	3,087	3,759	566	3,192	A
Footpath Renewals	498	766	21	745	B
Minor Improvements	1,215	1,768	9	1,760	C
Bridge and Drainage Renewals	938	1,375	43	1,332	D
Cyclone Dovi and Emergency Reinstatements	8,301	8,301	603	7,698	E
Unsealed Road Metalling	719	730	295	436	F
Traffic Services Renewals	65	65	95	(30)	G
Unsubsidised Roads	176	226	5	221	H
Total Capital Expenditures	14,999	16,990	1,637	15,353	90%

Variance comments:

The total revised budget of \$16.99 million includes \$1.941 million of carryover budgets and additional approved budget of \$50,000 for minor costs associated with the Mokau truck parking project (see Note H below).

- A All projects for Sealed Road Pavement Rehabilitation have been tendered and awarded, works are either complete or underway. Plan to complete budget expenditure before the end of the financial year.
- B Footpath renewals currently out for tender, planned to complete budget expenditure before the end of the financial year.
- C Bulk of the minor improvement works has been awarded to contractors and are about to commence construction. Plan to complete budget expenditure before the end of the financial year.
- D Bridge renewal contract is out for tender, drainage renewals are underway and plan is to expend budget before end of financial year.
- E Works are underway for some emergency reinstatement projects and other projects are in the tender phase. The awarded contracts are about to commence physical work. Plan to complete budget expenditure before the end of the financial year.
- F The physical work of the Unsealed Road Metalling is scheduled to be completed by Inframax Construction Ltd.
- G Insufficient budget to meet contract needs for Traffic Services Renewals, it is anticipated that further costs will be incurred for this project in this financial year. Part of the overspent will be offset by Waka Kotahi subsidy from another underspend project within the capital expenditure work stream.
- H Included in unsubsidised roads capital is part of the Mokau truck parking project. The majority of the total project of \$400,000 is recognised in operations as it relates to the state highways, however \$50,000 of minor costs (signage and footpath) are recognised in capital. The remainder of the budget (\$176,000) is unallocated at this stage and is unlikely to be spent unless agreed otherwise.