

ATTACHMENT 1

AUDIT & RISK COMMITTEE – FINANCIALS FOR THE PERIOD ENDING 31 MARCH 2021

Statement of Financial Performance for the period ending 31 March 2021

	9 MONTHS ENDING 31 MARCH 2021				2020/21	2020/21
	YTD	YTD	YTD		Annual	Revised
	Actual	Revised	Variance		Plan	Budget
	\$000	\$000	\$000	\$000	\$000	
Income						
Development Contributions	588	1,382	(794)	●	2,347	2,365
Interest & Dividends	432	301	131	●	401	401
Rates	23,361	23,286	75	●	30,437	30,437
Reserves Contributions	161	-	161	●	-	-
User Fees & Other	5,883	5,625	258	●	7,066	7,796
Profit on Sale of Assets	150	124	26	●	-	124
Other Capital Contributions	287	268	19	●	1	268
Regulatory Fees	1,682	1,643	39	●	2,356	2,036
Land Sales	6,236	4,016	2,220	●	-	4,016
Govt Grants & Subsidies	8,272	9,028	(756)	●	5,102	10,257
Total Income	47,052	45,673	1,379	●	47,710	57,700
Expenditure						
Costs of Sales	3,700	1,797	(1,903)	●	-	1,797
Rates Expense	423	432	9	●	406	432
Electricity & Gas	1,049	1,051	2	●	1,311	1,433
Depreciation	7,678	7,664	(14)	●	10,209	10,209
Loss on Sale of Asset	-	-	-	●	-	-
Grants	554	590	36	●	628	725
Cost Allocations	(9)	(11)	(2)	●	-	(9)
Building Repairs & Mtce.	532	580	48	●	832	846
Members Remuneration	400	460	60	●	640	608
Contracts	6,150	6,621	471	●	7,949	8,792
Technology Costs	633	664	31	●	1,006	907
Refuse & Recycling Costs	2,666	2,393	(273)	●	3,476	3,534
Insurance	391	391	-	●	481	404
Staff	8,124	8,610	486	●	11,635	11,974
Professional Fees	1,886	2,409	523	●	2,604	3,653
Other Costs	2,832	3,246	414	●	3,861	5,274
Total Expenses	37,009	36,897	(112)	●	45,038	50,579
Operating Surplus / (Deficit)	10,043	8,776	1,267		2,672	7,121

This table has rounding (+/- 1)

The financials for March 2021 show an overall favourable variance of \$1.26M. The main driver is in land sales at \$2.2M being the delayed settlement of the Cemetery Road/Harvest Road land sale from 2018.

Overall income has a favourable variance against the revised budget of \$1.3M. This relates to the above delayed settlement of Cemetery Road/Harvest Road.

Expenditure has an unfavourable variance of (\$112k). The main drivers behind the unfavourable variance is the cost of sales related to the delayed settlement of Cemetery Road/Harvest Road, and refuse and recycling costs. Offsetting this is favourable variance are contracts, staff, professional fees, and other costs.

Income of \$47.052M against the year-to-date budget of \$45.673M

The main variances are:

- Development contributions has an unfavourable variance of (\$794k). Lower than expected contributions are linked with the timing of developments in Cromwell and Alexandra with the balance in district roading. It should be noted that \$417k has been received from two developments in April 2021.
- Government grants and subsidies revenue of \$8.27M is (\$756k) unfavourable against budget. The unfavourable variance is due the timing of the Waka Kotahi New Zealand Transport Agency (Waka Kotahi) roading subsidy. These subsidies are claimed based on the roading work programme. The capital roading work programme is running behind schedule largely due to the timing of the Clyde Heritage Precinct project.
- Interest and dividends revenue is favourable against budget by \$131k. This is partly due to interest received from the delayed settlement of Cemetery Road offset by lower interest rates received on term deposit investments.
- Reserves contributions has a \$161k favourable variance. These contributions are dependent on developers' timeframes and therefore difficult to gauge when setting budgets.
- User fees and other of \$5.8M is \$258k favourable against budget. Contributing to the favourable variance is a Ministry of Business Innovation and Employment (MBIE) tourism grant for freedom camping, fencing and toilets of \$48k, which is in addition to \$95k received earlier in the financial year. Other areas with favourable variances include planning (regulatory) income of \$98k and property rental and hire income of \$44k from Murray Terrace.

Expenditure of \$37M against the year-to-date budget of \$36.89M

The main variances are:

- Costs of sales of \$3.7M is above budget by (\$1.9M). As mentioned earlier this relates to the delayed settlement of Cemetery Road/Harvest Road from 2018.
- Refuse and recycling costs of \$2.66M has an unfavourable variance of (\$273k). This is mainly due to the timing of the Central Otago District Council emission trading scheme contribution of (\$277k), the budget is reflected in May 2021.
- Contracts of \$6.15M is \$471k favourable against budget. The main favourable variances are planned maintenance of \$127k, district-wide un-subsidised roading work of \$103k and subsidised roading work of \$231k. As with income, the capital roading programme is running behind schedule due to the timing of the Clyde Heritage Precinct Project.
- Staff costs of \$8.124M has a \$486k favourable variance against budget. This relates to the timing of vacant positions and positions that are in the process of being recruited.
- Professional fees of \$1.87M is \$523k favourable against the budget. This is due to the timing of professional fees within the District Plan along with the timing of management consultant fees in water and wastewater.

Other costs breakdown is as below:

Other Costs breakdown	YTD	YTD	YTD	2020/21	2020/21
	Actual	Revised	Variance		
	\$000	Budget \$000	\$000	Plan \$000	Budget \$000
Operating Expenses	184	271	88 ●	284	357
Minor Repairs & Maintenance	134	135	1 ●	168	180
Staff Expenses	23	29	6 ●	44	41
Valuation Services	108	123	15 ●	170	170
Water Costs	73	109	35 ●	214	223
Minor Equipment	206	251	44 ●	328	358
Retail	59	57	(2) ●	61	83
Sludge Treatment	137	177	40 ●	252	437
Health & Safety	5	20	15 ●	58	40
Vehicles	85	105	20 ●	153	155
Advertising	113	168	55 ●	273	262
Office Expenses	456	529	73 ●	739	750
Administrative Costs	572	660	88 ●	732	1,205
Projects	677	612	(65) ●	385	1,013
Total Other Costs	2,831	3,246	414	3,861	5,274

This table has rounding (+/- 1)

- Operating expenses are \$88k favourable against budget. This is largely due to underspends in waste water operations.
- Advertising and office expenses are \$128k favourable. This is largely due to underspends across the organisation.
- Administrative costs are \$88k favourable. This is largely due to an underspend in weed control and compliance schedules.
- Projects are (\$65k) unfavourable against budget. This variance is mainly due to Three Waters reactive maintenance expenses from the January 2021 flood of (\$170k). This expense is still to be adjusted to reflect the resolution of 21.2.14, January 2021 Weather event – water report. In this resolution it was agreed to allow for an increase in expenditure as opposed to using the Emergency Event Reserve. This is offset by underspends in operating projects like the Community Development MBIE projects, Regional Identity Branding project and Road Safety projects.

Profit and Loss by Activity - 31 March 2021

ACTIVITY	INCOME			EXPENDITURE			SURPLUS/(DEFICIT)			
	Actuals \$000	Revised \$000	Variance \$000	Actuals \$000	Revised \$000	Variance \$000	Actuals \$000	Revised \$000	Variance \$000	
Infrastructure	912	1,687	(775)	301	290	(11)	611	1,397	(786)	●
Roading	7,018	7,840	(822)	6,560	6,981	421	458	859	(401)	●
Waste Management	3,482	3,457	25	3,955	3,673	(282)	(473)	(216)	(257)	●
Parks Reserves Recreation	5,242	5,240	2	5,094	5,147	53	148	93	55	●
Corporate Services	130	110	20	35	147	112	95	(37)	132	●
People and Culture	996	976	20	920	1,039	119	76	(63)	139	●
CEO	308	316	(8)	(89)	162	251	397	154	243	●
Property	9,627	7,072	2,555	6,968	5,273	(1,695)	2,659	1,799	860	●
Governance and Community Engagement	3,775	3,748	27	2,887	3,295	408	888	453	435	●
Planning (Regulatory)	3,913	3,688	225	3,396	3,877	481	517	(189)	706	●
Three Waters	12,985	12,997	(12)	6,809	6,994	185	6,176	6,003	173	●
Total	47,052	45,673	1,379	37,009	36,897	(112)	10,043	8,776	1,267	●

This table has rounding (+/- 1)

* The funding activity has been removed as this is not an operational activity.

- Infrastructure – income has an unfavourable variance of (\$775k). This variance is due to development contributions received being lower than budgeted. Lower than expected contributions are linked with the timing of subdivision developments in Cromwell and Alexandra. It is expected that development contribution income will remain lower than budget due to subdivision developments being pushed into the next financial year. Expenditure is over budget by \$11k.
- Roading – income has an unfavourable variance of (\$822k). This is predominately due to the Waka Kotahi subsidy, which moves in tandem with subsidised roading expenditure, which is favourable \$421k. Both are due to the timing of the capital work programme which is running behind schedule largely due to the Clyde Heritage Precinct Project.
- Waste Management - income has a favourable variance of \$25k. This is mainly due to the timing of green waste income. Expenditure has an unfavourable variance of (\$282k). This is mainly due to the timing of the Central Otago District Council emission trading scheme contribution of (\$277K).
- Parks and Recreation – the favourable income variance relates to the MBIE tourism grant of \$48k received and updated in the revised budget. Expenditure has a favourable variance of \$53k. This relates to a contestable grant for trail maintenance, that is subject to funding applications being received.
- Corporate Services – income has a favourable variance of \$20k. This is due to profit on the sales of vehicle assets. Expenditure is \$112k lower than budget mainly due to the timing of information services operating expenditure.
- People and Culture – income has a favourable variance of \$20k driven by a grant received from New Zealand Libraries Partnership Programme. Expenditure has a favourable variance of \$119k. Driving this favourable variance are underspends in Human Resources \$46k, Health and Safety \$42k and Administration \$30k.

- CEO – Expenditure has a favourable variance of \$251k which is mainly due to the Strategic Pay allocation which by end of year should be reflected in increased costs across the organisation, as the pay review impacts across the activities.
- Property – favourable income of \$2.5M relates to the delayed settlement on Cemetery Road from 2018. Expenditure is unfavourable due to the costs associated with this delayed settlement.
- Governance and Community Engagement – income has a favourable variance of \$27k due to grants received in tourism. Expenditure has a favourable variance of \$408k. This is due to underspends in promotions and tourism \$135k, governance \$90k, economic development \$81k, community development \$63k, visitor centres \$39k and regional identity \$10k.
- Planning (Regulatory) – has a favourable income variance of \$225k, this is mainly due to the recovery of costs incurred from external professionals related to resource consents and an increase in building permit revenue. The favourable expenditure variance of \$481k is due to lower-than-expected staff costs and planning consultant (review) fees with further work required to progress the District Plan programme.
- Three Waters – income has an unfavourable variance of (\$12k). This is due to lower revenue from septage fees. Expenditure has a favourable variance of \$185k due to lower-than expected management consultants and operating costs.

Capital Expenditure

Year-to-date, 35% of the total capital spend against the full year's revised capital budget, has been expensed.

CAPITAL EXPENDITURE	YTD Actual	YTD Revised Budget	YTD Variance		2020/21 Revised Budget	Progress to date
	\$000	\$000	\$000		\$'000	
Council Property and Facilities	6,214	5,303	(911)	●	10,763	58%
Waste Management	197	2	(195)	●	860	23%
i-SITES	-	5	5	●	5	0%
Customer Services and Adminis	22	14	(8)	●	61	36%
Vehicle Fleet	301	170	(131)	●	353	85%
Planning	-	-	-	●	193	0%
Information Services	469	455	(14)	●	1,992	24%
Libraries	103	123	20	●	500	21%
Parks and Recreation	699	741	42	●	2,908	24%
Roading	4,058	5,434	1,376	●	7,461	54%
Three Waters	4,665	7,604	2,939	●	23,091	20%
Grand Total	16,728	19,851	3,123		48,187	35%

Council Property and Facilities (\$911k) unfavourable against budget:

This includes the purchase of Murray Terrace land approved by the Cromwell Ward in December 2020, which Council authorised as per resolution 20.40.3 in July 2020.

Waste Management (\$195k) unfavourable against budget:

This variance is due to the progression of the glass crushing plant project, which Council authorised as per resolution 20.7.31 in August 2020.

Vehicle Fleet (\$131k) unfavourable against budget:

Vehicle replacements are tracking well against the full year budget. At the end of April all vehicles have been purchased and should be delivered by the end of the year, and remain within the full-year budget.

Information Services (\$14k) unfavourable against budget:

Records digitisation staff costs have been allocated to the project after the forecast creating an unfavourable variance, this will smooth out as the budget is released over the remainder of the year.

Libraries \$20k favourable against budget:

Small favourable variance relating to the timing of library book and e-book purchases.

Parks and Recreation \$42k favourable against budget:

Parks and recreation have a favourable variance due to projects in cemeteries where contracts have been awarded in April with completion date expected to be end of June.

Roading \$1.3M favourable against budget:

Subsidised roading projects are behind, this is mainly due to delays to the capital programme. A month in the work programme has been lost due to the flooding event in January 2021.

Three Waters is \$2.9M favourable against budget:

The favourable variance is due to the timing of construction projects. The main drivers include the Cromwell and Omakau water supply improvements and the Clyde wastewater reticulation network construction.

Internal Loans

Forecast closing balance for 30 June 2021 is \$4.27M.

OWED BY	Original Loan	1 July 2020 Opening Balance	30 June 2021 Forecast Closing Balance
Public Toilets - Roxburgh & Cromwell	670,000	513,510	491,239
Tarbert St Building	25,868	14,502	13,067
Alexandra Town Centre	94,420	54,766	49,759
Alexandra Town Centre	186,398	101,720	91,041
Alexandra Town Centre	290,600	170,912	155,412
Centennial Milkbar	47,821	24,252	21,284
Vincent Grants	95,000	28,500	19,000
Pioneer Store Naseby	21,589	12,236	10,949
Roxburgh Water	867,000	743,391	717,829

OWED BY	Original Loan	1 July 2020 Opening Balance	30 June 2021 Forecast Closing Balance
ANZ Bank Seismic Strengthening	180,000	154,337	149,030
Molyneux Pool	262,000	604,000	571,900
Maniototo Hospital	1,873,000	1,824,913	1,775,142
Alexandra Airport	218,000	211,407	204,485
Total	4,831,696	4,458,446	4,270,137

External Loans

The total amount of external loans at the beginning of the financial year 2020-21 was \$241k and as at 31 March 2021 the outstanding balance was \$202k. Council has received \$38k in principal payments and \$9.3k in interest payments.

Owed By	Original Loan	1 July 2020 Actual Opening Balance	Principal	Interest	31 March 2021 Actual Closing Balance
Cromwell College	400,000	164,184	24,877	6,711	139,306
Maniototo Curling	160,000	48,743	9,750	1,666	38,993
Oturehua water	46,471	28,122	4,098	1,004	24,024
Total	606,471	241,049	38,725	9,381	202,324