

Financial Information

Water Supply

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2013

| | NOTE | ACTUAL 2013 \$000s | COUNCIL BUDGET 2013 \$000s | VARIANCE \$000s |
|--|------|--------------------------|-------------------------------------|--------------------|
| Income | | | | |
| Rates income (excluding targeted water supply rates) | 1 | 2,318 | 1,796 | 522 |
| Fees, charges & targeted water supply rates | 2 | 5,794 | 6,165 | (371) |
| Development & financial contributions | 3 | 576 | 0 | 576 |
| Subsidies & grants | 4 | 27 | 413 | (386) |
| Other income | | 95 | 0 | 95 |
| Total operating income | | 8,809 | 8,374 | 435 |
| Expenditure | | | | |
| Direct costs | 5 | 6,548 | 3,863 | (2,685) |
| Indirect costs | | 330 | 445 | 114 |
| Activity expenditure | | 6,878 | 4,308 | (2,570) |
| Depreciation | | 2,282 | 2,263 | (19) |
| Interest payable | | 633 | 903 | 270 |
| Total operating expenditure | | 9,793 | 7,474 | (2,320) |
| Net operating surplus/(deficit) | | (984) | 901 | (1,885) |
| Capital statement | | | | |
| Net operating surplus | | (984) | 901 | (1,885) |
| Loans | | 573 | 1,311 | (738) |
| Other funding | | 871 | 2,296 | (1,425) |
| Total funding | | 459 | 4,507 | (4,048) |
| New work | 6 | 1,081 | 1,781 | 700 |
| Renewal works | 6 | 433 | 2,013 | 1,580 |
| Loan repayments | | 750 | 714 | (36) |
| Total capital expenditure | | 2,263 | 4,507 | 2,244 |
| NET SURPLUS/(DEFICIT) | | (1,804) | 0 | (1,804) |

NOTE:

A favourable variance is shown as a positive number and an unfavourable variance is shown as a negative number.

The direct and indirect budgets shown in the table do not individually agree to those published in the LTP due to a difference in allocation. The total activity expenditure, however, does agree to the total published in the LTP.

VARIANCE TO THE LONG TERM PLAN 2012/13

- Rates income is showing a favourable variance of \$522k predominantly due to:
 - An increase in penalty rate income of \$548k; and
 - Water service fees are showing an unfavourable variance of \$27k.
- Fees, charges and targeted supply rates are showing a favourable variance of \$966k [predominantly due to:
 - An increase in water by meter charges of \$817k;
 - An increase in water by meter penalty income of \$115k.
- Development and financial contributions are showing a favourable variance of \$576k predominantly due to a contribution of \$500 towards an expansion of the Paihia water scheme to include the Copthorne Hotel.
- Subsidies and grants are showing an unfavourable variance of \$386k due to changes in the proposed scheme for Rawene/Omania.



5. Direct costs are showing an unfavourable variance of \$2,685k predominantly due to:
 - a. External services are showing an unfavourable variance of \$1,599k, mainly due to a payment for the Sweetwater scheme. The Council has spent \$2.258 million on assets with a book (or carrying) value of \$747k in relation to the Sweetwater scheme up to 30 June 2013. This includes:
 - i) \$343k which relates to resource consents obtained for the scheme;
 - ii) \$357k which relates to the borefield and pipeline; and
 - iii) \$47k of other costs and fees.
 - iv) The balance of \$1,511k has been expensed. A further \$250,000 is to be paid once the landowner has subdivided their property to enable title to the bore field property to be passed to the Council. This has been included in capital commitments in note 26.
 - b. Loss on disposal of property, plant & equipment of \$169k;
 - c. Loss on valuation of property, plant and equipment of \$420k;
 - d. Bad debt provisions exceeded budget by \$536k due to increased penalty charges.
6. Capital expenditure is showing a favourable variance of \$2,280k predominantly due to delays in the commencement of projects.

**KEY CAPITAL PROJECTS
FOR THE YEAR ENDED 30 JUNE 2013**

| | ACTUAL 2013 \$000s | COUNCIL BUDGET 2013 \$000s | VARIANCE 2013 \$000s |
|------------------------|--------------------------|-------------------------------------|----------------------------|
| New Works | | | |
| Water schemes | 1,081 | 1,781 | 700 |
| Total new works | 1,081 | 1,781 | 700 |
| Renewals | | | |
| Water schemes | 433 | 2,013 | 1,580 |
| Total renewals | 433 | 2,013 | 1,580 |

SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2012/13

The Local Government Act 2002 requires councils to provide information regarding any significant assets replaced during the year. Council's significance policy does not specify a value but does identify the following assets as significant:

| WATER TREATMENT, STORAGE AND SUPPLY NETWORK | COUNCIL BUDGET 2013 \$000s | VARIANCE 2013 \$000s |
|---|-------------------------------------|----------------------------|
| Water schemes | | |
| Kaitia specified renewals | 586 | 17 |
| Proposed water asset renewals for Kaitia | | |
| Rawene treatment upgrade | | |
| Major project for the Rawene / Omania area | 700 | 150 |

VARIANCE TO THE ANNUAL PLAN 2012/13

- Kaitia specified renewals.
A schedule of works that are expected to be completed each year is produced for budgetary purposes. Most of those items were not renewed during 2012/13 and will be reconsidered for future years dependant upon their condition.
- Rawene treatment upgrade.
Delay continues due to extensive consultation with the community.