



Water Supply Group Financial Information

Financial Summary

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
INCOME				
Rates income (excluding targeted water supply rates)	1	2,764	2,099	665
Fees, charges & targeted water supply rates	2	6,142	6,326	(184)
Development & financial contributions	3	30	0	30
Subsidies & grants	4	90	184	(94)
Other income		20	0	20
Total operating income		9,046	8,609	437
EXPENDITURE				
Direct costs	5	5,158	4,122	(1,035)
Indirect costs		311	353	42
Activity expenditure		5,469	4,475	(994)
Depreciation		2,401	2,450	49
Interest expense		626	910	284
Total operating expenditure		8,496	7,835	(660)
Net operating surplus/(deficit)		550	774	(224)
CAPITAL STATEMENT				
Net operating surplus		550	774	(224)
Loans		651	3,685	(3,034)
Other funding		1,324	1,560	(236)
Total funding		2,525	6,018	3,493
New work	6	499	4,190	3,692
Renewal works	6	1,051	975	(75)
Loan repayments		776	853	77
Total capital expenditure		2,325	6,018	3,694
NET SURPLUS/(DEFICIT)		200	0	200

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 Annual Plan 2013/14

1. Rates income is showing a favourable variance of \$665k predominantly due to:
 - a. An increase in penalty rate income of \$597k; and
 - b. Water service fees are showing a favourable variance of \$68k.
2. Fees, charges and targeted supply rates are showing an unfavourable variance of \$184k predominantly due to:
 - a. A decrease in water by meter charges of \$314k;
 - b. An increase in water by meter penalty income of \$115k.
3. Development and financial contributions are showing a favourable variance of \$30k predominantly due to a receipt of development contributions that were unbudgeted.
4. Subsidies and grants are showing an unfavourable variance of \$94k predominantly due to:
 - a. Changes in the proposed scheme for Rawene/Omania.
 - b. Repayment of subsidy of \$116k to the Ministry of Health in relation to fluoridation. \$232k had been previously accrued for this subsidy.
5. Direct costs are showing an unfavourable variance of \$1,035k predominantly due to:
 - a. Salary savings of \$114k due to vacancies during the year.
 - b. External services and contract work annual are showing a combined unfavourable variance of \$550k,
 - c. Bad debt provisions exceeded budget by \$617k due to increased penalty charges.
6. Capital expenditure is showing a favourable variance of \$3,617k predominantly due to delays in the commencement of projects.

Key Capital Projects

FOR THE YEAR ENDED 30 JUNE 2014

	ACTUAL 2014 \$000s	COUNCIL BUDGET 2014 \$000s	VARIANCE \$000s
NEW WORKS			
Water schemes	499	4,190	3,692
Total new works	499	4,190	3,692
RENEWALS			
Water schemes	1,051	975	(75)
Total renewals	1,051	975	(75)

Significant Acquisitions or Replacements of Assets for 2013/14

The Local Government Act 2002 requires councils to provide information regarding any significant assets acquired or 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	BUDGET 2014 \$000s	ACTUAL 2014 \$000s
WATER SCHEMES		
Kaitaia new source		
Proposed new water source for Kaitaia – Sweetwater project	3,000	2
Kaitaia AC pipe replacement	300	325
Opononi Raw Water Main Replacement	208	0
Kaikohe Taraire Dam	208	0

Variance To The Annual Plan 2013/14

- Kaitaia new source.
Progressing significant work on the Sweetwater project was deferred pending the outcome of an investigation into contractual arrangements. Subsequently, certain matters were referred by Council to the Serious Fraud Office and the outcome of that investigation is not yet known.