

Financial Statements

As at 31 December 2019



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Favourable
Unfavourable

	\$'000	YEAR TO DATE			FULL YEAR			
		Actual YTD	Budget YTD	Variance	Variance %	Forecast	Total Budget	Variance
OPERATING REVENUE								
Rates		88,886	89,140	254	0%	179,351	179,351	0
Subsidies & Grants		2,761	2,938	176	-6%	7,006	7,006	0
Other Revenue		27,183	28,440	1,257	-4%	53,930	58,195	4,265
Finance Revenue		1,386	846	540	64%	2,322	1,822	500
Total Operating Revenue		120,217	121,363	1,147	-1%	242,608	246,373	3,765
ASSET DEVELOPMENT REVENUE & OTHER GAINS								
Development Contributions		17,306	13,033	4,273	33%	26,067	26,067	0
Other Gains/(Losses)		551	382	169	44%	765	765	0
Subsidies & Grants Capital Expenditure Contributions		3,166	6,180	3,014	-49%	25,004	26,804	1,800
Assets vested to Tauranga City Council		5,977	25,247	19,270	-76%	30,494	50,494	20,000
Total Asset Development Revenue & Other Gains		27,000	44,843	17,843	-40%	82,329	104,129	21,800
TOTAL REVENUE		147,216	166,206	18,990	-11%	324,937	350,502	25,565
OPERATING EXPENDITURE								
Personnel Expense		29,897	31,651	1,754	6%	62,375	63,375	1,000
Depreciation & Amortisation Expense		27,243	29,932	2,688	9%	54,863	59,863	5,000
Finance Expense		11,129	11,152	22	0%	22,362	22,862	500
Consultants & Contractors		4,248	3,581	667	-19%	8,252	7,252	1,000
Other Expense		51,826	52,529	703	1%	110,354	109,954	400
Total Operating Expenditure		124,343	128,844	4,501	3%	258,206	263,306	5,100
OTHER EXPENSES								
Loss on Disposal of Assets		748	0	748	0%	750	0	750
Provision Expense		0	12	12	0%	1,225	1,225	0
Total Other Expenses		748	12	736	100%	1,975	1,225	750
TOTAL EXPENDITURE		125,091	128,856	3,765	-3%	260,181	264,531	4,350
SURPLUS/(DEFICIT)		22,125	37,350	15,225	41%	64,756	85,971	21,215
OPERATING SURPLUS/(DEFICIT)		(4,126)	(7,480)	3,354		(15,599)	(16,934)	1,335

Overall Comments on Year to Date Balances

Rates revenue is slightly behind budget, due to water volumetric revenue tracking behind budget in November, but are forecast to be on budget at year end.

Subsidies & Grants are below budget, but forecast to be on budget at year end for operating expenditure.

Other Revenue is under budget. The main variances are in Building Services (lower than budget building consents) and forestry income from harvesting trees in the water catchment. There is currently no felling due to low log prices and consultation requirements with Oropi forest users. Details of user fee variances by activity and forecasts are attached.

Finance Revenue from interest on deposits is tracking ahead of budget. Deposit levels are higher due to payments for capital projects being later than budgeted.

Development Contributions are ahead of budget, due to the timing of recent contributions from Tauriko Business Estate. They are expected to be close to budget at year end.

Other Gains and Losses include a non-cash accounting entry in relation to the Housing Infrastructure Fund loan, which recognises a zero percent interest rate as a gain over market.

Subsidies & Grants Capital Expenditure Contributions are expected to be less than budget due to the timing of this years resealing programme and the impact of Council's decision to put a hold on unconfirmed NZTA funded projects. Expected grant revenue will be further reviewed during the March quarter.

Assets Vested to Tauranga City Council are projected to be \$20m below budget. Major assets associated with Hairini roading and Wairakei stormwater are included in the budgeted assets but not yet received.

Personnel Expense reflects the unfilled positions in Building Services and Environmental Planning. These savings are partly offset by higher consultant and contractor costs for these activities.

Depreciation is projected to be lower than budget due to the increase in useful lives of three waters infrastructure assets, resulting from the revaluation programme completed at the end of the last financial year.

Finance Expense - a full year projection of interest savings is based on lower interest rates and slower capital delivery in the first part of the year.

Consultants and Contractors costs are tracking above budget, mainly due to cover for vacancies in Building Services.

Other Expenditure is in-line with budget year to date, but currently expected to be over budget for the full year. Detail of expenditure variances by activity and forecasts are attached.

Loss on Disposal of Assets relates to the sale of two houses and land transfers regarding land under roads.

Full year forecast operating deficit is lower than budget, with lower operating revenue offset by lower expenditure. The overall surplus including asset revenue is unfavourable to budget reflecting the lower forecast particularly for vested assets.

Revenue and Expense Variance December 2019

Activity	User Fees				YTD Variance Commentary	EXPENDITURE (excludes Depreciation and Finance costs)		
	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast		YTD Variance	Full Budget	Full Forecast
Corporate Services								
Corporate Treasury	Rates Penalty & Dividend Income	281,157	1,197,964	1,397,964	Income: Higher than budgeted TECT dividends received, due to special dividend. Expected to be over budget for the full year. Expenditure: Unbudgeted Bella Vista costs.	(115,418)	606,046	720,000
Head Office - TCC		0	0	0		0	0	0
Te Tumu Land	Recoveries	5,828	0	0	Income: No significant variance to budget. Expenditure: Unbudgeted rates on strategic property purchases.	(39,496)	0	80,000
Head Office - Corporate		0	0	0		0	0	0
Finance	Payments/contributions from Regional Council	129,511	536,520	736,520	Income: Above budget BOP Regional Council rates commission and valuation data recoveries. Expenditure: Some projects and initiatives underway in the second half of the year.	313,638	4,553,628	4,553,628
Executive Officer		0	0	0	Expenditure: Unbudgeted consultancy fees for independent reviews.	(120,945)	646,605	834,605
Digital Services	Metro network lease	29,694	139,500	189,500	Income: Fibre network revenue ahead of budget. Likely to be a positive variance of \$50K by year end. Expenditure: Professional fees relating to projects accrued in 2019 have reversed in 2020, however actual costs coming through are being capitalised against projects resulting in an underspend. Consultant costs are also running well below budget as most of the capital projects are still in delivery phase. It is expected that this number will be \$400k favourable by year end. Employee costs are also running \$260k below budget due to current vacancies, however it is expected to be close to budget by year end as they complete recruitment.	1,068,724	12,420,792	12,020,792
Civic Complex	Leasing	(3,137)	71,000	71,000	Income: No significant variance to budget. Expenditure: Operating expenditure (mainly cleaning and catering), consultants and building repairs and maintenance exceed budget. Expected to be above budget for the full year.	(230,312)	3,995,886	4,300,000
Insurance	Insurance recovery	500	0	0	Income: Insurance recovery is not budgeted. Expenditure: Variance due to unbudgeted insurance costs.	(500)	(3)	(3)
Legal & Risk		(859)	0	0	Income: No significant variance to budget. Expenditure: Unbudgeted Bella Vista prosecution legal costs.	(153,157)	1,598,976	1,850,000
Marine Precinct	Leasing & Berthage	198,223	796,000	900,000	Income: Marine precinct revenue is well above budget in berthage and leases. Full year forecasts have been revised to reflect anticipated revenue. Expenditure: Operating expenditure (utilities and contract managers fees) exceed budget. Expected to be above budget for the full year.	(243,208)	451,796	700,000
Marine Facilities	Leases	(7,230)	539,666	539,666	Income: Expected to be on budget for the full year. Expenditure: Expected to be on budget for the full year.	(7,798)	687,149	687,149
Beachside Holiday Park	Accommodation	106,269	1,901,420	1,998,100	Income: Above budget and expected to remain above budget through to year end due to increasing occupancy. Expenditure: Expected to be slightly ahead of budget for the full year due to increased occupancy.	153	910,166	910,166
Airport	Landing & parking fees / Leasing	(76,515)	8,796,189	8,640,160	Income: Revenue is expected to be down on budget at year end as a result of lower than budgeted landing fee revenue. Expenditure: Overspend includes \$52k unbudgeted cost relating to the port crane extension study, with some costs still to come. A further \$60k of insurance cost is offset by recoveries, included in revenue. The remainder is made up of smaller variances in fire rescue service costs and R&M.	(139,937)	3,382,313	3,382,313

Revenue and Expense Variance December 2019

Activity	User Fees				YTD Variance Commentary	EXPENDITURE (excludes Depreciation and Finance costs)		
	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast		YTD Variance	Full Budget	Full Forecast
Fleet Management		6,415	0	0	Income: Variance due to monthly allocation of unbudgeted donation for electric vehicle. Expenditure: Expected to be on budget for the full year.	(22,534)	(48,517)	(48,517)
Property Management	Leasing Income	(51,541)	2,622,569	2,622,569	Income: No significant variance to budget. Expenditure: Backfill contractors required to fill vacancies, along with higher security and operational contract costs.	(349,864)	3,728,857	4,244,857
Elder Housing	Rental Income	54,453	1,738,414	1,775,414	Income: Occupancy rates are running ahead of budgeted rate. Expenditure: Elevated repairs and maintenance costs, due to an aging housing stock.	(235,159)	1,095,940	1,350,000
TOTAL CORPORATE SERVICES		672,766	18,339,242	18,870,893		(275,812)	34,029,634	35,584,990
People & Engagement								
Human Resources		2,500	0	5,000	Income: Unbudgeted BVL recoveries. Expenditure: Overspend forecast at year end, as result of approved overspends, relating to unbudgeted Staff Life assurance policy \$120,000, all other work streams forecast being on budget at year end.	(261,182)	3,400,106	3,520,106
Governance	Resource Consent hearings/ Recoveries - Election	(93,470)	213,600	13,600	Income: Income is forecast to be less than budget as a result of no election required for the BOP regional Council, resulting in TCC covering 100% of cost. Expenditure: Expected to be on budget for the full year.	1,018	2,848,179	2,848,179
Communications		87,772	0	87,772	Income: Backdated payment for staff secondments refunded by NZTA. Expenditure: Additional one off expenditure associated with community engagement. Forecast to be on budget at year end.	(84,891)	1,806,910	1,806,910
Strategic Maori Engagement		0	0	0	Expenditure: Expected to be on budget for the full year.	45,549	384,378	384,378
Customer Service	Property Files & Information	(7,359)	1,187,400	1,237,400	Income: No significant variance to budget, variance relates to timing of LIM income. Expenditure: Expected to be on budget for the full year.	174,052	2,691,053	2,691,053
TOTAL PEOPLE & ENGAGEMENT		(10,557)	1,401,000	1,343,772		(125,455)	11,130,626	11,250,626
Infrastructure								
Stormwater	Leasing, Operational cost recovery	(9,606)	32,820	32,820	Income: Expected to be on budget for the full year. Expenditure: Overspend in mowing stormwater reserves, but due to offsetting savings is expected to be on budget for the full year.	(255,847)	6,705,100	6,705,100
Wastewater	Trade Waste and Omokoroa metered income	(161,739)	2,174,060	2,174,060	Income: Tradewaste invoicing is behind budget. Expenditure: Expected to be on budget for the full year.	442,274	13,974,905	13,974,905
Water Supply	Water operation fees/forestry	(915,646)	2,031,000	200,000	Income: No forestry income for 2019/20, due to low log prices and consultation requirements Oropi forest users. Forecast revenue has been reduced accordingly. Expenditure: No forestry harvesting in 2019/20. Forecast costs reduced accordingly.	61,494	11,761,978	10,971,238
City Waters (Support Services)	Laboratory fees	(16,104)	251,538	251,538	Income: Expected to be on budget for the full year	19,846	240,178	240,178
Sustainability & Waste	User Fees - from operations & contract	(30,086)	1,437,933	1,287,933	Income: Glass revenue is periodic and not matched precisely with budget cashflow. Price per tonne of glass is also lower than projected. This is offset by lower contract costs. Expenditure: Reflects lower than anticipated spend on rubbish and litter collection.	90,546	5,286,149	4,686,149
Transportation	Road Zones fees, NZTA Operational contributions	284,899	442,138	540,000	Income: Expected to be ahead of budget at year end. Bus shelter advertising income is significantly higher than budgeted year to date at \$82k, compared to \$12k budget. Expenditure: Expected to be on budget for the full year. Currently minor underspend in all expenditure categories.	283,420	14,705,088	14,705,088

Revenue and Expense Variance December 2019

Activity	User Fees				YTD Variance Commentary	EXPENDITURE (excludes Depreciation and Finance costs)		
	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast		YTD Variance	Full Budget	Full Forecast
Infrastructure Delivery (Asset Delivery)	Consent & Planning Fees	(30,788)	1,711,015	1,711,015	Income: The number of inspections is tracking slightly behind resulting in lower revenue, however this is expected to be only seasonal timing and will pick up over the next 6 months. There is also a shift occurring where greenfield consents are slowing down and infill consents are increasing. A review of revenue and costs is currently being undertaken to reflect the need to use consultant resource. Expenditure: Minor variance to date, potential for some unbudgeted legal expenses to be incurred which relate to historical consents. The use of consultants is expected to increase over the remainder of the year as vacant positions are proving difficult to fill.	29,377	1,692,627	1,742,627
Asset & Infrastructure Planning		2,700	0	0	Expenditure: Expected to be on budget for the full year.	(255)	(197)	(197)
Parking Management	Parking Fees	(407,739)	7,365,541	5,686,832	Income: Full year projection revised down to reflect delayed opening of Harington Street Carpark Building and the under collection of on street parking revenue. Expenditure: Full year forecast revised down to reflect delay in Harington Street Carpark building costs (R&M & debt servicing).	1,045,725	4,212,826	3,492,826
TOTAL INFRASTRUCTURE		(1,284,110)	15,446,045	11,884,198		1,716,581	58,578,654	56,517,914
Strategy & Growth								
Corporate Strategy & Planning		0	0	0	Expenditure: Expected to be under budget for the full year, mainly due to delays in recruiting staff.	439,427	2,907,766	2,507,766
City & Infrastructure Planning	Recoveries (external)	(307,974)	636,876	150,000	Income: Delay in development of Te Tumu and Tauriko West structure plans to later years, means share of cost recovered from developers is also delayed. Expenditure: Some delays in spend with regards to growth areas might be offset by unbudgeted spend on Transport Network Plan & Te Papa Peninsula Intensification design costs, hence the overall year end forecast unchanged.	348,469	6,707,222	6,707,222
SmartGrowth Implementation	Partner Contributions - WBOPDC/BOPRC	710,991	749,897	1,449,897	Income: Smartgrowth revenue and expenditure are fully funded by partner contributions. Variance is offset by corresponding over-spend in Smartgrowth operating costs. Expenditure: Smart growth is fully funded by partner contributions. Expenditure is over budget as some projects didn't have budgets allocated.	(953,974)	749,605	1,449,605
Economic Development		0	0	0	Expenditure: Invoices for payment of some community grants are yet to be received. Expected to be on budget at year end.	69,305	4,323,191	4,323,191
Strategic Investment		0	0	0	Expenditure: Underspend mainly relates to delays in recruiting staff.	90,473	850,385	850,385
TOTAL STRATEGY AND GROWTH		403,017	1,386,773	1,599,897		(6,299)	15,538,169	15,838,169
Community Services								
Emergency Management (& Safety)		0	0	0	Expenditure: Tracking above budget due to unanticipated legal costs associated with Vertical Evacuation Structures feasibility. Expected to be on budget for the full year.	(68,829)	1,202,278	1,202,278
City Events		6,824	0	0	Expenditure: Community event expenditure expected to be \$100k above budget by year end. This will be offset by community audit savings in the Spaces & Places activity.	(44,075)	2,286,636	2,386,636

Revenue and Expense Variance December 2019

Activity	User Fees				YTD Variance Commentary	EXPENDITURE (excludes Depreciation and Finance costs)		
	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast		YTD Variance	Full Budget	Full Forecast
Community Development	Graffiti fines, Safe City contribution, and other recoveries	49,811	183,586	183,586	Income: Ahead of budget due to the early receipt of Welcoming Communities sponsorship income (from MBIE and WBOPDC) and Youth contract income (from MSD). Expenditure: Employee costs are lower than budgeted due to vacancy in the team. A number of projects and collaborative initiatives are anticipated to be less expensive than originally planned or have been amended to meet community needs more appropriately.	91,580	2,679,542	2,566,542
Bay Venues Limited	External Recoveries	7,883	732,647	732,647	Income: Above budget as a result of external recoveries for rates and water rates being higher than expected year to date. Expenditure: Expenditure is lower than budget due to a number of minor variances, including an underspend in R&M.	67,647	11,551,504	11,551,504
Spaces and Places	Reserve and property rentals, McLaren Falls	55,696	370,360	430,360	Income: Unbudgeted recoveries from external parties associated with mitigation planting at Blake Park and tree removal/replacement for driveway conflicts. Expenditure: R&M costs associated with TECT All Terrain Park (managed by WBOPDC) tracking behind budget. Planting and maintenance costs on passive reserves and coastal maintenance costs are also tracking behind budget due to seasonal variations, however these budgets are expected to be fully expended by year end. Underspends partly offset by unbudgeted opex costs associated with Christmas decorations. Approx. \$500-600k worth of design costs associated with Mauao Base Track and Kulim Park to be written off this financial year.	37,377	18,917,108	19,417,108
Baycourt (Community & Arts Centre)	Sales & Hireage Fees	144,463	690,160	765,160	Income: Above budget due to higher than anticipated venue hireage and bar trading. Expenditure: Staff costs above budget due to higher than forecast venue utilisation resulting in greater demand for staffing in technical and front of house.	(30,115)	1,533,084	1,623,084
Arts & Heritage		0	0	0	Expenditure: Behind budget due to the timing of the heritage collection digitisation project. A fixed term role has been established to complete this work, however unused rates funded budget is likely to be carried forward to 2021.	47,145	2,609,094	2,509,094
Libraries	User Fees	(32,672)	494,812	434,812	Income: Revenue from top titles and fines lower than anticipated. Expenditure: Tracking behind budget due to the categorisation of some aspects of the heritage digitisation project as capex, as well as reduced security costs (now captured within the Civic Complex activity). Partly offset by unbudgeted computer licence fees and increased casual staff costs required to maintain adequate staff cover across all libraries.	(44,200)	5,699,972	5,739,972
Tauranga Cemeteries/Crematoriums	Product sales	(43,281)	994,588	934,588	Income: Lower than budgeted burial income, partly offset by higher than budgeted income from cremations. Expenditure: House demolition costs at 249 Pyes Pa Road over-estimated (accrued) in the 2019 FY, thereby impacting full year forecast spend in 2020.	29,081	553,757	522,257

Revenue and Expense Variance December 2019

Activity	User Fees				YTD Variance Commentary	EXPENDITURE (excludes Depreciation and Finance costs)		
	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast		YTD Variance	Full Budget	Full Forecast
Historic Village On 17th Ave	Leasing Income	(83,644)	755,232	675,232	Income: Lease revenue is below budget due to upgrade works affecting availability of properties and the relocation of tenants into temporary accommodation. Event revenue over the first half of the FY is also tracking below budget, however this is expected to increase over the remaining summer months. Expenditure: Tracking above budget due to the timing of R&M work (including building washing and gutter cleans) and consultancy work associated with electrical work and asbuilts of the Village.	(53,833)	858,363	858,363
TOTAL COMMUNITY SERVICES		105,082	4,221,385	4,156,385		31,779	47,891,338	48,376,838
Regulatory & Compliance								
Environmental Planning	Consent fees	(275,044)	2,613,364	2,313,364	Income: Revenue up on the prior year's first half revenue, but tracking below budget year to date, due to lower than budgeted consent numbers. Expenditure: Tracking below budget due to employment costs which are expected to be below ytd budget due to vacancies.	115,854	2,630,358	2,630,358
Environmental Protection	Monitoring Fees	(13,806)	923,725	923,725	Income: Revenue is expected to be on budget for the year. Expenditure: No significant driver of variance to budget.	149,481	1,673,196	1,673,196
Animal Services	Dog Registration Fees/ court recoveries/ impounding	(104,761)	1,476,050	1,270,000	Income: Revenue traditionally slow at the start of the year, but currently tracking slightly higher than the prior year. Revenue is expected to be below budget at year end, largely due to a 13% budgeted increase in dog numbers which is currently not reflected in actual dog numbers and associated revenue. Expenditure: Administration and employee expenses are tracking slightly behind budget.	67,736	1,087,517	1,087,517
Building Services	Consenting & Inspection Fees	(732,525)	12,290,598	11,471,000	Income: Below budget due to lower than budgeted number of building consents. Expected to be below budget at year end. Expenditure: Tracking lower than budget due to an underspend in employment costs, mainly due to unfilled vacancies, partly offset by higher consultants costs.	40,332	8,395,321	8,395,321
Regulatory Services	Permit Fees, Premises registrations	(16,562)	96,352	96,352	Income: Expected to be on budget for the year. Expenditure: Employee costs are lower than budgeted due to vacancies in the team.	81,092	(374,039)	(374,039)
TOTAL REGULATORY AND COMPLIANCE		(1,142,698)	17,400,089	16,074,441		454,494	13,412,353	13,412,353
Variance Legend:	TOTAL USER FEE Revenue:	(1,256,501)	58,194,534	53,929,586		1,795,287	180,580,774	180,980,890

green font = favourable to budget
red font = unfavourable to budget