

A silhouette of a person riding a bicycle is centered in the frame against a sunset sky. The sky transitions from a deep orange near the horizon to a darker, cloudy blue at the top. The person is wearing a helmet and a jacket, and the bicycle is a standard road bike. The overall mood is serene and active.

Rotorua Lakes Council

2019/2020 Audit

Financial Result

RLC FY 2019/20 – What a year

- Legacy electricity cost pressures
- Compliance and regulatory pressures
- Rotoiti/Rotoma WWTP scheme coming online
- Inner City Security & Safety
- PGF Funding of ~\$20m received to support major projects

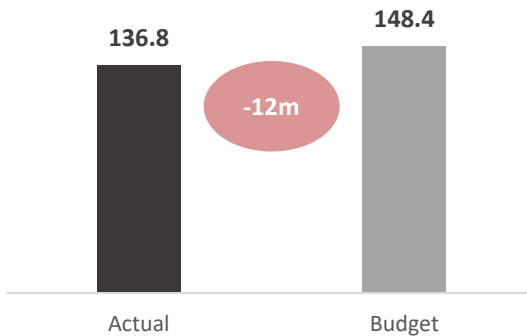
And...

- COVID-19 lockdown and restrictions

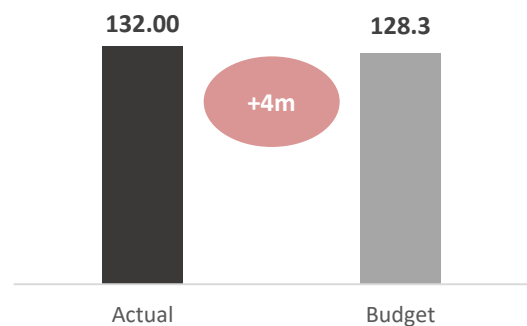
Operating Result

\$4.8m Net Surplus

FY 2019/2020 Revenues



FY 2019/2020 Expenses



- ❑ \$11.5m less Subsidies and Grants (\$20m PGF/MBIE funding not recognized)
- ❑ \$1.3m lower Fees and Charges
- ❑ \$0.8m higher Financial Contributions
- ❑ \$2.2m higher staffing costs due to new talent at market rates, increased compliance, training
- ❑ \$2.3m higher depreciation costs following revaluations
- ❑ \$1.7m in costs from the disposal of various assets (e.g. Soundshell)
- ❑ \$2.0m lower financing costs from prudent treasury management

Operating Result Reconciliation

	\$m
Operational FY Deficit (reported August O&M)	(12.6)
Capital Subsidies	19.1
Operating Surplus	6.5

less non cash / accounting year end entries:

Loss on Disposal (e.g. Soundshell, Water and Waste Water Assets)	(1.7)
Various Asset Class Impairment Write Offs	(0.8)
Debt/Statute Barred Write offs	(0.7)
Recoveries for Capital Projects	(1.3)
Vested Assets (Waste Water, Water & StormWater)	1.6
Landfill adjustment	1.2
Non Cash / Accounting Adjustments	(1.7)

Net Year Ending Surplus	4.8
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Capex – Investing in the District

\$62m of investment supporting both essential services and community activities - \$41m on increasing levels of service & \$21m on renewing vital infrastructure

Essential Infrastructure:

- ❖ Sewerage – 14m (93% of budget)
- ❖ Roding – 9m (93% of budget)
- ❖ Water – 6m (99% of budget)

Community Wellbeing

- ❖ Sport & Recreation – 21m (63% of budget)
- ❖ Arts and Culture – 5m (26% of budget)

A further \$6m was spent

- ensuring our technological platform is fit for purpose*
- improving working conditions and presentation of the civic centre and*
- a stepped approach to renovating our pensioner housing facilities*

Year End Cash and Debt

\$3.3m reduction in Net Debt

	Opening Balance	Year End 2019/2020	Change	Budgeted Change
Borrowings	206.5	228.0	(21.5)	36.2
Cash on Hand	6.7	11.5	4.8	(6.6)
Cash on Term		20.0	20.0	
Net Debt (Borrowings less Total Cash)	199.8	196.5	3.3	42.8

RLC – Financial Covenants

Covenant	Actual Performance	Required Performance	Performance Achieved
Net Debt / Total Revenue	144%	<225%	✓
Net Interest / Total Revenue	5%	<20%	✓
Net Interest / Annual Rates Income	7%	<25%	✓
Liquidity Availability	136%	>110%	✓

In summary

Incredibly difficult year

Positive operating result

High completion on essential infrastructure

Prudent use of debt