

## 9.0 FINANCIAL SUMMARY

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**ALL SECTIONS NEED UPDATED INFO****9.1 Process of Determining Financial Forecast**

The 10 year financial forecast for Property & Assets has been determined by the evaluation of current maintenance and renewal strategies for assets within each activity and identification of new works. Changes to the operations (OPEX) and capital projects (CAPEX) expenditure for items within each of the asset categories are a result of a number of drivers including legal compliance, environmental sustainability, maintaining current levels of service, safety, economic sustainability and growth.

Consultation on the final 10yr financial forecast will be carried out via the 2015-2025 10YP process.

**9.2 Historical and Forecast Expenditure**

Detailed historic expenditure for each asset group is not included within the lifecycle section for each asset. Detailed forecast expenditure is provided in greater detail within the spreadsheets in Appendix B, included are spreadsheets showing:

- Ten year programmes by asset category (safer communities, dog pounds, venues, libraries, museum, halls, social housing, investment property, motor camps, administration)
- The summary expenditure budgets for 2015 to 2025
- Project sheets are included in Appendix C

Budgeted Property & Asset expenditure for the next 10 years is summarised as follows:-

**9.2.1 OPEX: OPERATING AND MAINTENANCE EXPENDITURE** **UPDATED INFO**

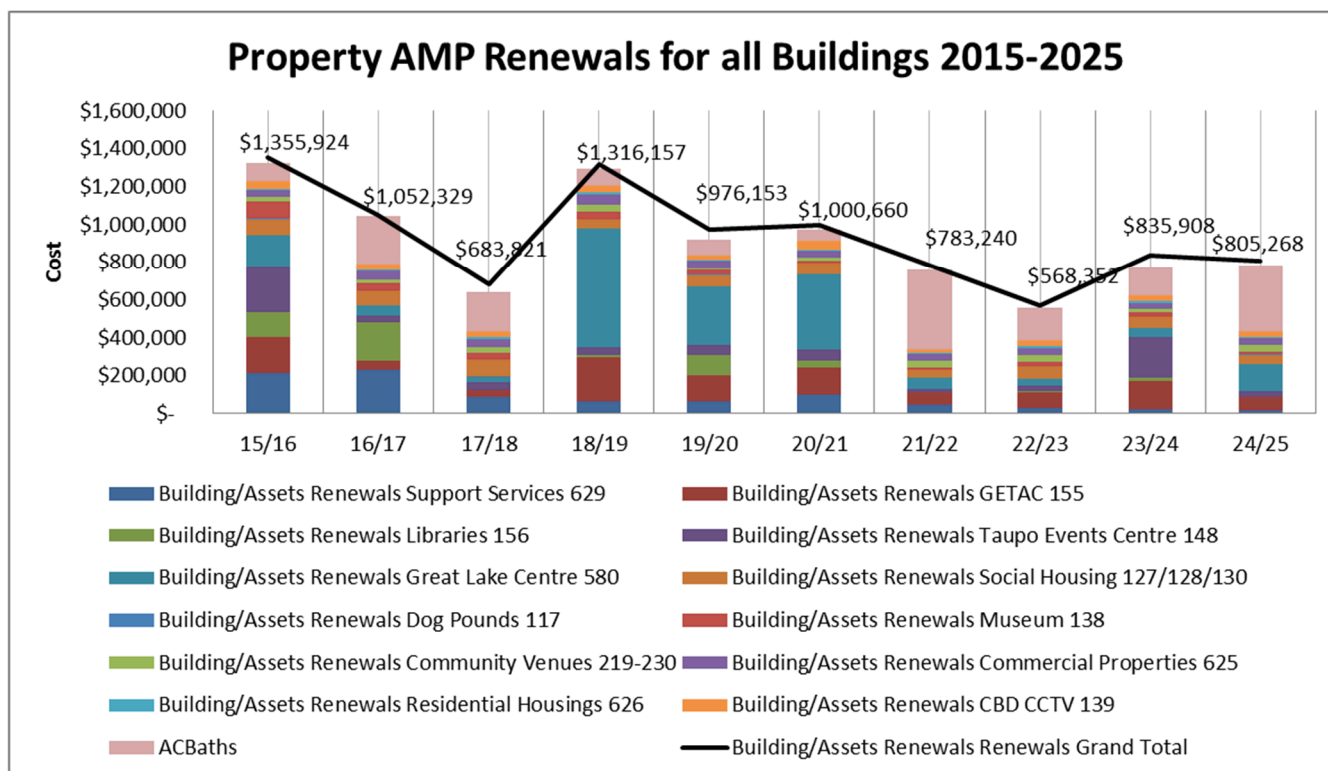
Category	Operations Expenditure	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
139	Exp – Safer Communities										
117	Exp - Animal Management	\$801	\$815	\$827	\$842	\$853	\$867	\$887	\$904	\$926	\$949
BBB	Exp - Venues	\$5,533	\$5,566	\$5,669	\$5,693	\$5,797	\$5,813	\$5,958	\$6,008	\$6,196	\$6,247
BBC	Exp - Libraries	\$2,157	\$2,197	\$2,252	\$2,320	\$2,357	\$2,410	\$2,529	\$2,628	\$2,707	\$2,797
BBD	Exp - Museum	\$521	\$531	\$541	\$555	\$563	\$575	\$590	\$605	\$622	\$641
BBE	Exp - Community Halls	\$270	\$274	\$275	\$279	\$280	\$283	\$286	\$292	\$317	\$306
BBH	Exp - Social Housing	\$230	\$235	\$236	\$241	\$245	\$250	\$257	\$264	\$271	\$279
CCA	Exp - Property	\$1,240	\$1,500	\$1,253	\$1,284	\$1,186	\$1,189	\$1,030	\$1,027	\$1,042	\$961
526	Exp - Mangakino	\$71	\$72	\$73	\$74	\$75	\$76	\$77	\$79	\$81	\$83
532	Exp - Motorcamps	\$4	\$4	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$2
629	Exp - Admin Buildings	\$413	\$423	\$435	\$447	\$460	\$474	\$490	\$506	\$525	\$544
	<b>Total Expenditure</b>	<b>\$11,240</b>	<b>\$11,617</b>	<b>\$11,564</b>	<b>\$11,738</b>	<b>\$11,819</b>	<b>\$11,940</b>	<b>\$12,107</b>	<b>\$12,316</b>	<b>\$12,690</b>	<b>\$12,809</b>

These budgets provide for both asset maintenance, and for the associated tenant's business operations

**9.2.2 RENEWAL EXPENDITURE** **UPDATED INFO REQUIRED**

Renewal projects provide for the replacement of the asset component, for example painting, roof, carpet, spouting, electrical fittings etc. Different assets have different replacement values, life expectancies, and ages. This results in the fluctuation of renewal costs from year to year as a variety of assets reach the end of their useful lives and need renewing or replacing.

Generally, the timing of renewal for an asset is based on assessment as the asset is nearing the end of its useful life. Loss in service potential is calculated using a form of diminishing value depreciation with the exception of land which is not depreciated. The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component.

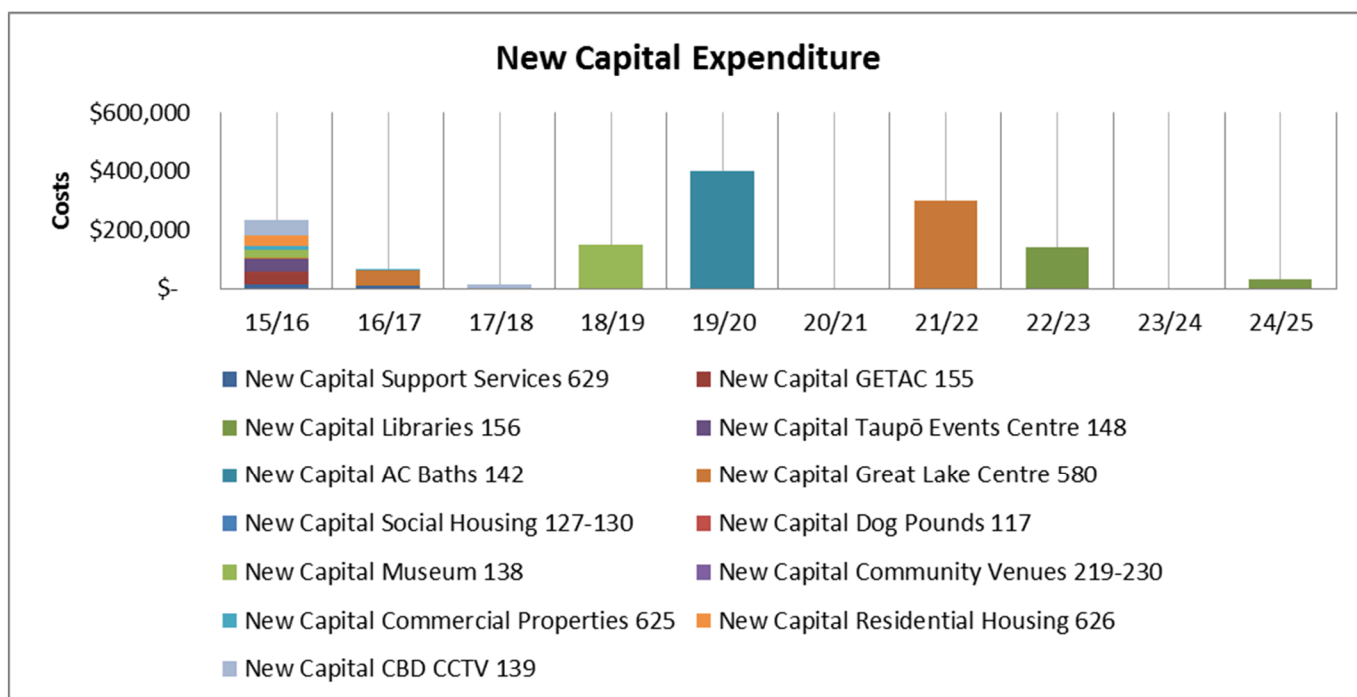


Renewal costs average approximately \$761k per annum for the next 10 years, but in some cases below \$400K. Years 15/16, 16/17 and 18/19 are the biggest years due to external painting of buildings ie Council & Library, replacement of lighting system for Taupo Events Centre and replacement of compliance plant & equipment required for Building Warrant of Fitness ie smoke detectors.

For further details on renewal projects see Appendix B.

Driver	Funding	Code	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Building / Assets Renewals	Support Services	629	\$ 211,239	\$ 232,899	\$ 90,617	\$ 62,000	\$ 63,000	\$ 100,000	\$ 49,350	\$ 31,950	\$ 25,000	\$ 20,000
	GETAC	155	\$ 190,860	\$ 44,270	\$ 32,050	\$ 233,250	\$ 135,950	\$ 140,950	\$ 63,640	\$ 81,390	\$ 147,100	\$ 70,670
	Libraries	156	\$ 130,000	\$ 202,000	\$ 2,000	\$ 14,500	\$ 110,000	\$ 40,000	\$ 2,000	\$ 7,000	\$ 20,000	\$ -
	Taupo Events Centre	148	\$ 244,250	\$ 39,000	\$ 41,000	\$ 42,000	\$ 53,000	\$ 55,000	\$ 13,000	\$ 27,000	\$ 211,000	\$ 27,000
	AC Baths	142	\$ 99,660	\$ 257,850	\$ 208,370	\$ 90,770	\$ 83,710	\$ 61,470	\$ 424,540	\$ 172,230	\$ 144,970	\$ 345,490
	Great Lake Centre	580	\$ 170,200	\$ 51,020	\$ 29,000	\$ 630,200	\$ 310,200	\$ 399,000	\$ 60,520	\$ 39,200	\$ 48,000	\$ 141,200
	Mgkn Pool/Sports Hall	632/631	\$ 29,000	\$ 7,000	\$ 41,000	\$ 19,000	\$ 53,000	\$ 24,000	\$ 21,000	\$ 12,000	\$ 66,000	\$ 24,000
	Social Housing	127/128/130	\$ 83,574	\$ 76,190	\$ 87,680	\$ 45,802	\$ 60,013	\$ 60,310	\$ 40,776	\$ 60,067	\$ 59,470	\$ 51,008
	Dog Pounds	117	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	Museum	138	\$ 89,000	\$ 41,000	\$ 38,000	\$ 39,000	\$ 24,000	\$ 12,000	\$ 12,000	\$ 24,000	\$ 20,000	\$ 12,000
	Community Venues	219-230	\$ 28,000	\$ 16,000	\$ 25,000	\$ 34,000	\$ 10,000	\$ 19,000	\$ 34,000	\$ 37,000	\$ 22,000	\$ 36,000
	Commercial Properties	625	\$ 32,441	\$ 47,200	\$ 45,480	\$ 52,540	\$ 38,080	\$ 33,050	\$ 39,340	\$ 34,110	\$ 26,668	\$ 35,700
	Residential Housing	626	\$ 8,500	\$ 5,500	\$ 11,224	\$ 14,895	\$ 8,000	\$ 5,680	\$ 5,874	\$ 10,005	\$ 10,500	\$ 5,500
CBD CCTV	139	\$ 37,200	\$ 30,400	\$ 30,400	\$ 36,200	\$ 25,200	\$ 48,200	\$ 15,200	\$ 30,400	\$ 33,200	\$ 34,700	
<b>Renewals</b>	<b>Grand Total</b>		<b>\$ 1,355,924</b>	<b>\$ 1,052,329</b>	<b>\$ 683,821</b>	<b>\$ 1,316,157</b>	<b>\$ 976,153</b>	<b>\$ 1,000,660</b>	<b>\$ 783,240</b>	<b>\$ 568,352</b>	<b>\$ 835,908</b>	<b>\$ 805,268</b>

9.2.3 CAPEX EXPENDITURE



The new works capital expenditure programme has been planned for the next ten years to ensure only the essential work for council properties are carried out to maintain & protect the assets. The work includes meeting the building code to ensure the properties are fit for purpose for the activities council provides. Some of the programme work include, security for the district eg CCTV, fire protection for artefacts, new technology in managing activities eg replacing chlorine gas with a chlorine generation system, demolishing of Mangakino’s residential property due to health & safety reasons & installation of gutter guard to protect properties that are exposed to ‘park like’ settings from internal leaks & damage.

Driver	Area	Code	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
New Capital	Support Services	629	\$ 15,000	\$ 9,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	GETAC	155	\$ 41,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Libraries	156	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ 30,000
	Taupō Events Centre	148	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	AC Baths	142	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -
	Great Lake Centre	580	\$ 5,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -
	Social Housing	127-130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Dog Pounds	117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Museum	138	\$ 25,000	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Community Venues	219-230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Commercial Properties	625	\$ 13,684	\$ 2,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Residential Housing	626	\$ 41,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	CBD CCTV	139	\$ 50,000	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>New Capital</b>	<b>Grand Total</b>		<b>\$ 233,684</b>	<b>\$ 62,514</b>	<b>\$ 15,000</b>	<b>\$ 150,000</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ 140,000</b>	<b>\$ -</b>	<b>\$ 30,000</b>

Refer to Appendix B for details of projects in these years.

9.2.4 EXPENDITURE LINKAGES TO LEVEL OF SERVICE

Section 3 (LOS) outlines how each of the budgeted items relates back to the level of service being provided.

PROPERTY AMP OPEX, RENEWAL AND CAPEX EXPENDITURE 2015 TO 2025												
PROPERTY AMP OPEX EXPENDITURE 2015 TO 2025												
	Cost Centre	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
Opex		000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
	Animal Management	117	\$801	\$815	\$827	\$842	\$853	\$867	\$887	\$904	\$926	\$949
	Venues	BBB	\$5,534	\$5,566	\$5,669	\$5,693	\$5,797	\$5,813	\$5,958	\$6,008	\$6,196	\$6,247
	Libraries	BBC	\$2,157	\$2,197	\$2,252	\$2,320	\$2,357	\$2,410	\$2,529	\$2,628	\$2,707	\$2,797
	Museum	BBD	\$521	\$531	\$541	\$555	\$563	\$575	\$590	\$605	\$622	\$641
	Community Halls	BBE	\$270	\$274	\$275	\$279	\$280	\$283	\$286	\$292	\$317	\$306
	Social Housing	BBH	\$230	\$235	\$236	\$241	\$245	\$250	\$257	\$264	\$271	\$279
	Property	CCA	\$1,240	\$1,500	\$1,253	\$1,284	\$1,186	\$1,189	\$1,030	\$1,027	\$1,042	\$961
	Mangakino	526	\$71	\$72	\$73	\$74	\$75	\$76	\$77	\$79	\$81	\$83
	Motor Camps	532	\$4	\$4	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$2
	Support Services	629	\$413	\$423	\$435	\$447	\$460	\$474	\$490	\$506	\$525	\$544
	<b>Grand Total Opex</b>		<b>\$11,240</b>	<b>\$11,617</b>	<b>\$11,564</b>	<b>\$11,738</b>	<b>\$11,820</b>	<b>\$11,941</b>	<b>\$12,107</b>	<b>\$12,314</b>	<b>\$12,689</b>	<b>\$12,809</b>
PROPERTY AMP CAPEX EXPENDITURE 2015 TO 2025												
	Cost Centre	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
Renewals		000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
	CCTV CBD	ABA	\$37	\$30	\$30	\$36	\$25	\$48	\$15	\$30	\$33	\$35
	Animal Management	ABB	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
	Venues	BBB	\$734	\$472	\$408	\$1,086	\$693	\$709	\$637	\$489	\$619	\$623
	Libraries	BBC	\$130	\$202	\$2	\$15	\$110	\$40	\$2	\$7	\$20	\$0
	Museum	BBD	\$89	\$41	\$38	\$39	\$24	\$12	\$12	\$24	\$20	\$12
	Community Halls	BBE	\$28	\$16	\$25	\$34	\$10	\$19	\$34	\$37	\$22	\$36
	Social Housing	BBH	\$84	\$76	\$87	\$46	\$60	\$60	\$41	\$60	\$59	\$51
	Property	CCA	\$41	\$53	\$57	\$67	\$46	\$39	\$45	\$44	\$37	\$41
	Motor Camps	CCB	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Support Services	DAA	\$211	\$233	\$91	\$62	\$63	\$100	\$49	\$32	\$25	\$20
	<b>Grand Total Renewals</b>		<b>\$1,356</b>	<b>\$1,125</b>	<b>\$740</b>	<b>\$1,387</b>	<b>\$1,033</b>	<b>\$1,029</b>	<b>\$838</b>	<b>\$725</b>	<b>\$837</b>	<b>\$820</b>
PROPERTY AMP CAPEX EXPENDITURE 2015 TO 2025												
	Cost Centre	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
New Capex		000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
	CBD CCTV	ABA	\$50		\$15							
	Venues	BBB	\$86	\$50			\$400		\$300			
	Libraries	BBC	\$3							\$140		\$30
	Museum	BBD	\$25			\$150						
	Property	CCA	\$14	\$3								
	Social Housing	BBH	\$41									
	Support Services	DAA	\$15	\$10								
	<b>Grand Total New Capex</b>		<b>\$234</b>	<b>\$63</b>	<b>\$15</b>	<b>\$150</b>	<b>\$400</b>	<b>\$0</b>	<b>\$300</b>	<b>\$140</b>	<b>\$0</b>	<b>\$30</b>
<b>Total Expenditure</b>			<b>\$12,831</b>	<b>\$12,806</b>	<b>\$12,319</b>	<b>\$13,276</b>	<b>\$13,254</b>	<b>\$12,970</b>	<b>\$13,245</b>	<b>\$13,180</b>	<b>\$13,526</b>	<b>\$13,659</b>

9.3 Total Expenditure and Funding

Valuation of Property Assets

Asset and building element replacement valuations are taken from national standards, some of which are individually amended to suit local prices and special circumstances.

Refer to Section 4 (Asset Data), for a summary of the valuation of property assets

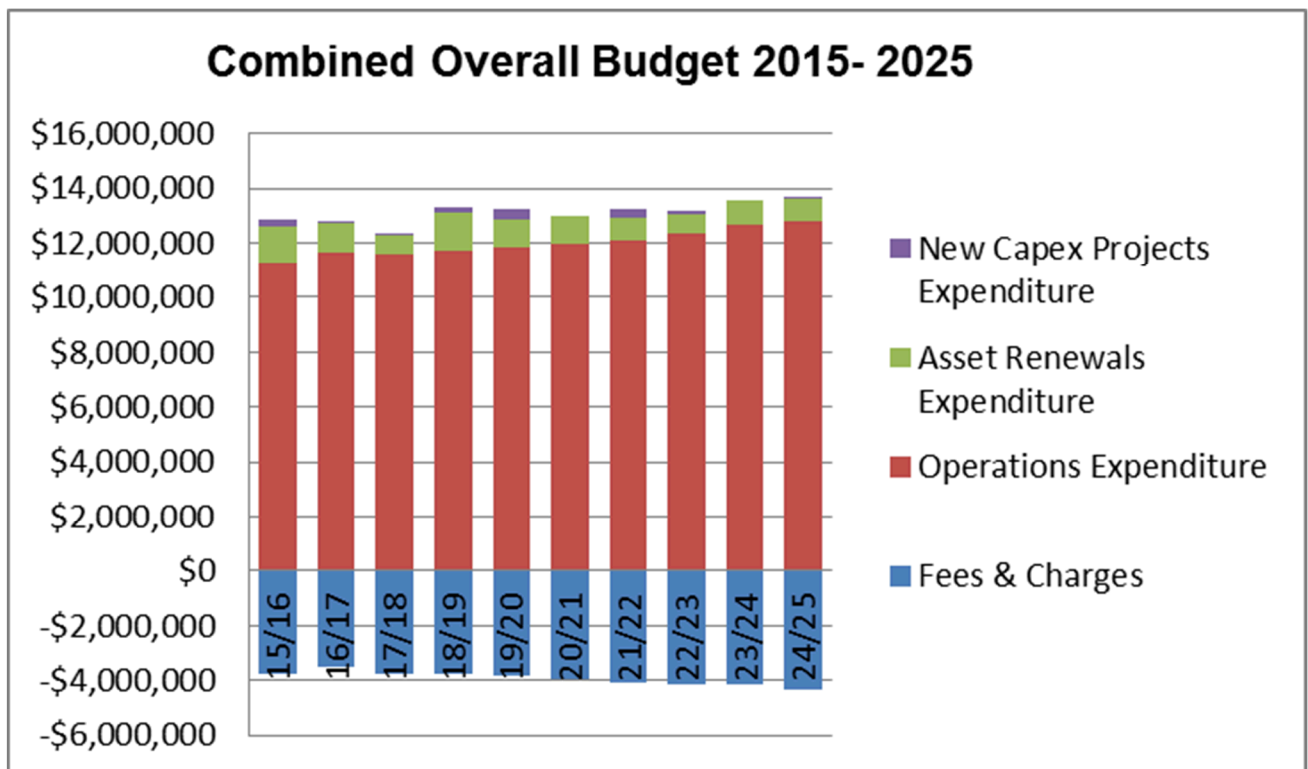
### 9.4 Financial Assumptions

The financial assumptions are included in the Introduction Section (section 1).

### 9.5 Financial Confidence Levels

The confidence in the asset data used as a basis for the financial forecasts has been assessed using the format provided in the Council’s SPM property management program, as follows:-“Not assigned”, “Highly Reliable”, “Reliable”, “Uncertain”, & “Very Uncertain”. The overall confidence level is rated as “Reliable”. Financial forecasts within the first 3 years are reliable with the reliability decreasing with time.

Total Expenditure for Ten Year Plan 2015-2025



Property AMP Combined Fees & Charges and Expenditure 2015-2025

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Fees & Charges	-\$3,795,655	-\$3,541,908	-\$3,747,050	-\$3,783,046	-\$3,857,744	-\$3,931,284	-\$4,077,459	-\$4,173,417	-\$4,147,628	-\$4,352,338
Operations Expenditure	\$11,240,000	\$11,617,000	\$11,564,000	\$11,738,000	\$11,819,000	\$11,940,000	\$12,107,000	\$12,316,000	\$12,690,000	\$12,809,000
Asset Renewals Expenditure	\$1,355,724	\$1,125,189	\$740,401	\$1,386,937	\$1,033,293	\$1,029,240	\$837,540	\$725,532	\$837,838	\$819,908
New Capex Expenditure	\$233,684	\$62,514	\$15,000	\$150,000	\$400,000	\$0	\$300,000	\$140,000	\$0	\$30,000
Total Net Expenditure	\$12,829,408	\$12,804,703	\$12,319,401	\$13,274,937	\$13,252,293	\$12,969,240	\$13,244,540	\$13,181,532	\$13,527,838	\$13,658,908
<b>Total Net</b>	<b>\$9,033,753</b>	<b>\$9,262,795</b>	<b>\$8,572,351</b>	<b>\$9,491,891</b>	<b>\$9,394,549</b>	<b>\$9,037,956</b>	<b>\$9,167,081</b>	<b>\$9,008,115</b>	<b>\$9,380,210</b>	<b>\$9,306,570</b>