

**FINANCE AND POLICY COMMITTEE MEETING HELD
FOLLOWING THE ENVIRONMENTAL SERVICES COMMITTEE
MEETING ON THURSDAY 17 FEBRUARY 2005 IN THE
MEMORIAL HALL SUPPER ROOM, ESPLANADE, KAIKOURA**

AGENDA

1. Apologies

2. Matters of Importance to be raised as Urgent Business

3. Matters arising from Report of 15/12/04 *page 72*

4. Reports:

- ◆ *Finance Report* *page 47*
- ◆ *Statement of Financial Position*
- ◆ *Statement of Financial Performance*
- ◆ *Corporate Services Budget Report* *page 56*
- ◆ *Library Report* *page 60*

5. Urgent Business

4. FINANCE REPORT

Statement of Financial Position

During December and January, several movements occurred on the balance sheet. The 2nd rates instalment fell due on 15th December, which assisted in increasing our cash slightly, and reducing the rates receivable balance. Loans have matured and have been refinanced, reducing total loans overall. Net working capital continues to decrease, however this is a normal trend and remains at a healthy level.

Statement of Financial Performance

There has been a surplus for the period of \$538,726. The main reasons for variances in income were:

<u>Activity</u>	<u>Variance</u>	<u>Main Reason</u>
Sustainable Development	Up \$23,604	Environmental Planning revenues (grant funding and zero waste conference registrations)
Development Control	Down \$14,086	Resource consents yet to be invoiced
Community Facilities	Up \$18,540	Environment Canterbury's share of floodwall construction costs

The main reasons for variances in expenditure were:

<u>Activity</u>	<u>Variance</u>	<u>Main Reason</u>
Community Leadership	Up \$18,540	Connell Wagner consent advice and asset valuation costs
Sustainable Development	Up \$10,202	Environmental Planning (zero waste conference expenditures)
Community Safety	Down \$19,538	Rural Fire, Civil Defence timing of expenditures
Roading	Down \$12,815	Savings in loan interest (footpath and street light loans not yet drawn)
Water & Wastewater	Down \$26,754	Budgeted costs associated with new ground water source yet to occur (electricity, depreciation and maintenance)
Community Facilities	Down \$40,908	Savings in loan interest (new wharf, new slipway and airport hangar loans not yet drawn)

Statement of Cashflows

Cash has decreased \$474,781 for the year to date, but overall has recovered slightly in the last three months. Cash from operations remains positive, but significantly less than the result at the same time last year, due to large payments to suppliers. Likewise cash paid to purchase fixed assets is far higher than last year, due to the timing of capital projects and of course the purchase of 20 Beach Rd.

While cash has been used to repay loans, (resulting in a net outflow from financing activities) our reliance on the cash advance has increased.

Cash Flow Projection

Cash is showing slight increases since November, however remains well below projected levels due to the purchase of 20 Beach Road, and significant debtor balances remaining unpaid.

Capital Expenditure

Capital expenditure for December and January included progress payments for the amphitheatre and footbridge in the West End, and also the Yarmouth Street footpath construction and streetlight trenching.

Working Capital

Working capital is 2.14:1, largely due to the disproportionately high amounts in accounts receivable.

Income & Expenditure Pie Charts

The income chart indicates that 54% of our total revenue to date is from rates (general rates, targeted rates and targeted uniform charges). For the year ended 30 June 2004, rates revenue provided 55% of total operating revenue.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2005

	31/01/05	31/01/05	31/01/04
	\$	\$	\$
PUBLIC EQUITY			
Ratepayers Equity		16,141,391	14,764,577
Special Reserves		541,094	614,777
Asset Revaluation Reserve		59,603,868	38,928,917
Special and Trust Funds		576,088	987,114
		<u>\$76,862,441</u>	<u>\$55,295,385</u>
Represented By:			
<i>CURRENT ASSETS</i>			
Cash & Short Term Deposits	968,371		1,738,115
Stock	-		1,885
Accounts Receivable	842,799		443,747
Rates Receivable	2,161,936		1,918,462
Prepayments	19,951		18,681
GST Refundable	-		-
Current Portion of Sinking Funds	<u>58,192</u>		<u>76,761</u>
Total Current Assets	4,051,249		4,197,651
Less:			
CURRENT LIABILITIES			
Accounts Payable	843,976		733,778
Cash Advance	410,000		270,000
Current Portion of Term Liabilities	448,538		798,485
Environment Canterbury	421,984		320,220
GST Payable	<u>181,267</u>		<u>204,264</u>
Total Current Liabilities	2,305,765		2,326,747
NET WORKING CAPITAL		1,745,484	1,870,904
NON CURRENT ASSETS			
Sinking Funds & Term Deposits		250,702	96,501
Fixed Assets		<u>78,399,865</u>	<u>56,586,131</u>
		78,650,567	56,682,632
Less:			
NON CURRENT LIABILITIES			
Non Current Term Liabilities		2,709,954	2,283,476
Marl. Regional Forestry liabilities		<u>823,656</u>	<u>974,675</u>
		3,533,610	3,258,151
		<u>\$76,862,441</u>	<u>\$55,295,385</u>

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 31 JANUARY 2005

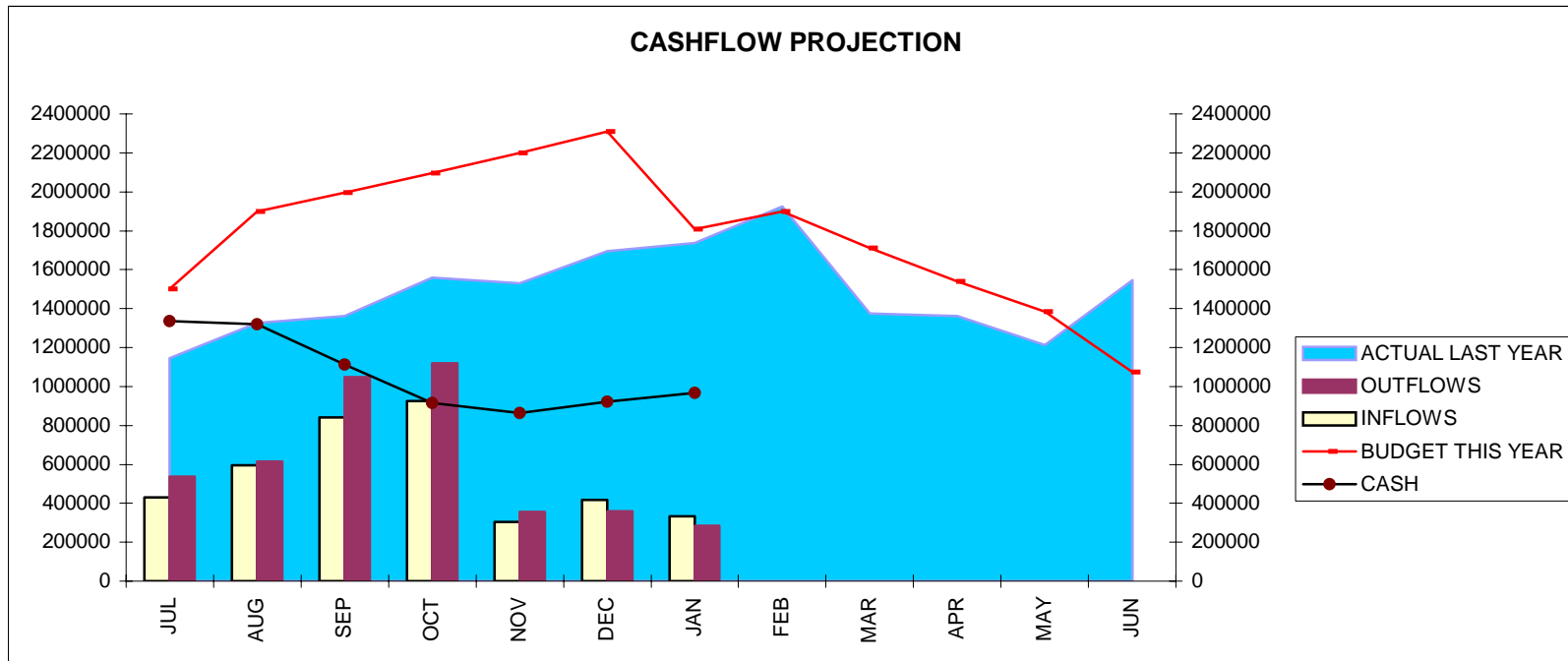
BUDGET		31/01/05	31/01/04
\$	INCOME	\$	\$
55,375	Community Leadership	59,475	62,684
106,829	Sustainable Development	130,433	138,001
215,363	Development Control	201,277	228,769
42,710	Community Safety	34,170	111,039
190,241	Roading	189,620	138,988
1,000	Refuse & Recycling	2,540	5
1,008,130	Water & Wastewater	1,003,102	659,955
442,744	Community Facilities	461,284	471,815
18,890	Interest Revenue	21,672	23,703
<u>1,201,644</u>	General Rates	<u>1,201,648</u>	<u>1,157,655</u>
3,282,926		3,305,221	2,992,614
	EXPENDITURE		
308,093	Community Leadership	339,205	282,858
200,245	Sustainable Development	210,447	185,441
286,691	Development Control	291,469	254,570
104,901	Community Safety	85,363	108,350
517,727	Roading	504,912	486,229
114,068	Refuse & Recycling	119,297	110,760
593,180	Water & Wastewater	566,426	530,134
690,284	Community Facilities	649,376	554,138
2,815,189		2,766,495	2,512,480
<u>\$467,737</u>	Surplus/(Deficit) from Operations	<u>\$538,726</u>	<u>\$480,134</u>

STATEMENT OF CASHFLOWS

FOR THE PERIOD ENDED 31 JANUARY 2005

	31/01/05 \$	31/01/04 \$
<u>OPERATING ACTIVITIES</u>		
<u>Cash was provided from:</u>		
Rates	1,700,498	1,663,754
Other	<u>1,096,931</u>	<u>1,231,039</u>
Total Operating Cash Inflow	2,797,429	2,894,793
<u>Cash was applied to:</u>		
Employees & Suppliers	2,394,017	1,958,273
Interest Paid	<u>133,259</u>	<u>125,998</u>
Total Operating Cash Outflow	2,527,276	2,084,271
NET CASH FLOW FROM OPERATING ACTIVITY	270,153	810,522
<u>INVESTING ACTIVITIES</u>		
<u>Cash was provided from:</u>		
Sale of Assets	-	-
Sinking Funds received	<u>65,647</u>	<u>180,664</u>
Total Investing Cash Inflow	65,647	180,664
<u>Cash was applied to:</u>		
Purchase of Fixed Assets	784,181	476,773
Sinking Funds paid	<u>10,650</u>	<u>77,395</u>
Total Investing Cash Outflow	794,831	554,168
NET CASH FLOW FROM INVESTING ACTIVITY	(729,184)	(373,504)
<u>FINANCING ACTIVITIES</u>		
<u>Cash was provided from:</u>		
Term Borrowing	570,000	680,000
Cash Advance	<u>410,000</u>	<u>270,000</u>
Total Financing Cash Inflow	980,000	950,000
<u>Cash was applied to:</u>		
Loan Repayments	645,750	859,680
Cash Advance Repayments	<u>350,000</u>	<u>200,000</u>
Total Financing Cash Outflow	995,750	1,059,680
NET CASH FLOW FROM FINANCE ACTIVITY	(15,750)	(109,680)
NET INCREASE/(DECREASE) IN CASH	(474,781)	327,338
OPENING CASH BALANCE (1 JULY)	1,443,152	1,410,777
CLOSING CASH BALANCE	968,371	1,738,115

CASH FLOW PROJECTION FOR THE YEAR TO 30 JUNE 2005

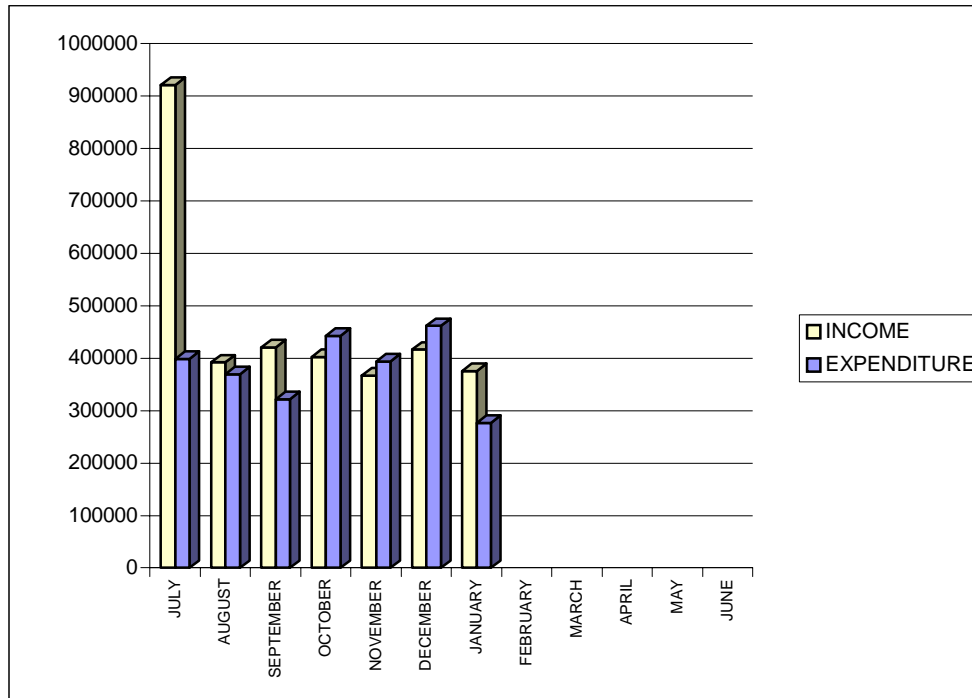


CAPITAL EXPENDITURE
FOR THE PERIOD ENDED 31 JANUARY 2005

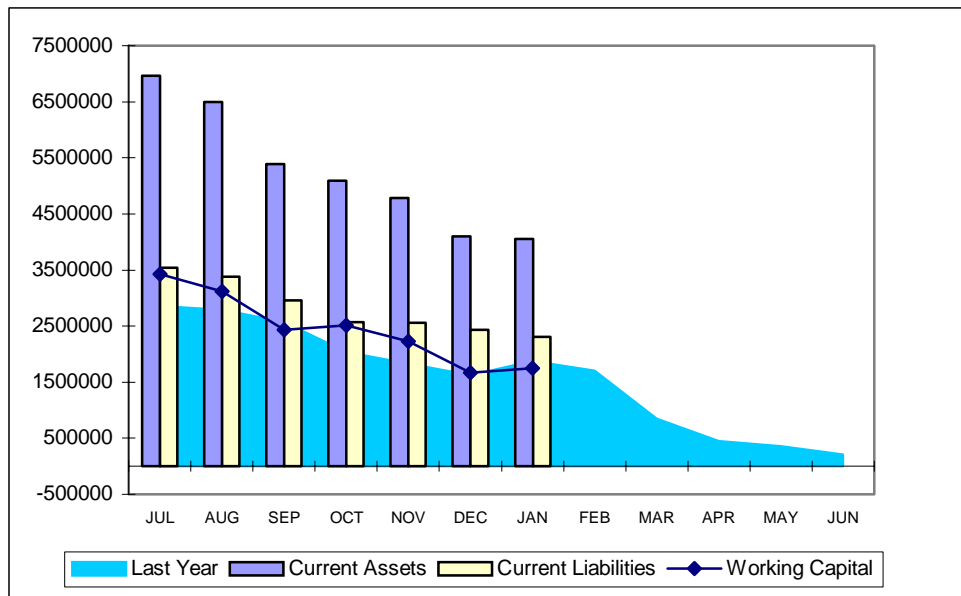
	ACTUAL	BUDGET	CARRIED FORWARD
	\$	\$	\$
Computer Equipment	3,333	3,000	-
Book Purchases	12,626	23,000	-
Non-Book Purchases	21,920	21,900	-
New Slipway/Harbour Development	1,548	35,000	-
Planting, Pruning & Thinning	-	8,000	-
Fire Safety Equipment & Machinery	3,022	-	-
Office Relocation	6,310	-	-
Memorial Hall Refurbishment	12,226	-	9,300
Property Purchase & Development	241,173	-	-
Vehicle Purchase & Other Plant	17,500	30,000	-
Office Equipment	994	500	-
Coastal Development	5,161	50,000	-
Public Toilets	5,732	30,000	-
Reserves Development	10,807	-	-
Airport Hangars	-	150,000	-
Playgrounds	10,130	10,000	6,796
West End Development	123,208	500,000	-
Stormwater	-	13,500	-
Urban Water	71,367	761,558	-
Oaro Water	175	-	-
Fernleigh Water	25,872	95,000	-
East Coast Water	11,338	-	-
Sewerage	87,855	702,409	-
Kincaid Water	-	10,560	-
Footpaths	26,287	20,000	390,000
Metalling	7,662	129,500	-
Street Lighting	29,021	-	200,000
Reseals	-	110,000	-
Kerb & Channel	6,174	45,000	-
Traffic Services	10,184	5,000	-
Bridges	-	15,000	-
Professional Services	4,090	-	-
Seal Extensions	28,466	54,400	21,840
TOTAL CAPITAL EXPENDITURE	784,181	2,824,330	618,636

INCOME AND EXPENDITURE

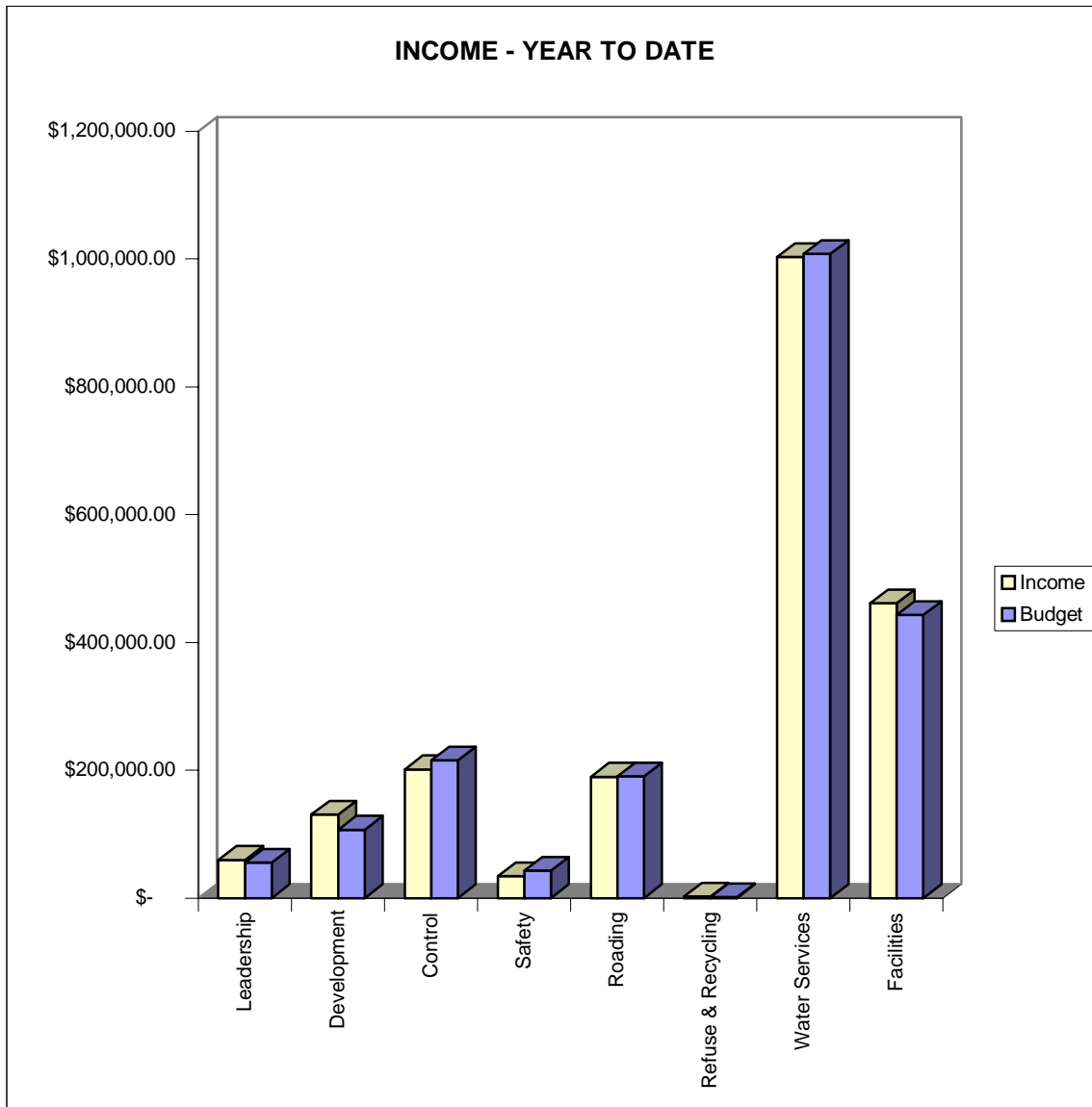
TO 31 JANUARY 2005



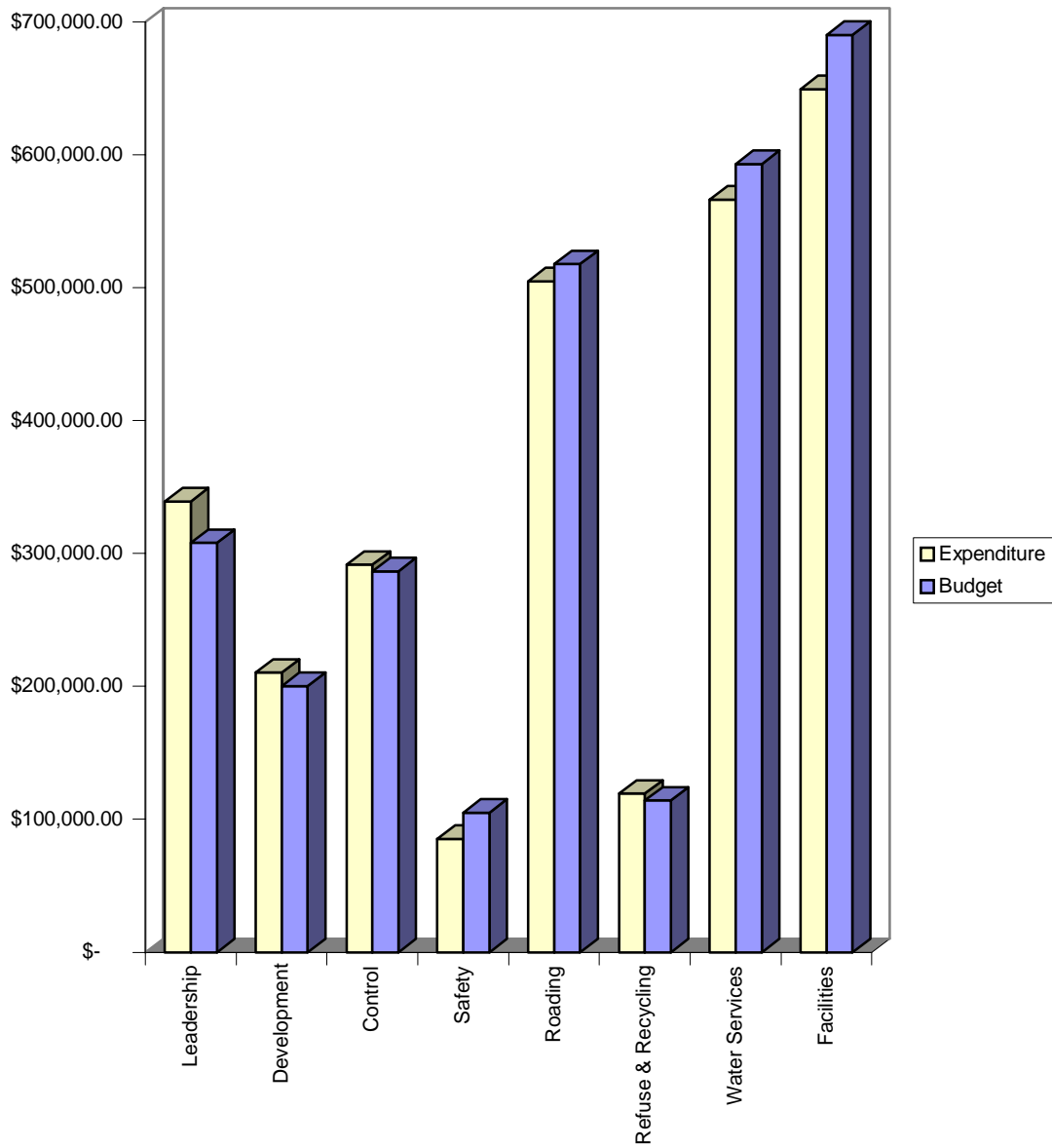
WORKING CAPITAL TO 31 JANUARY 2005



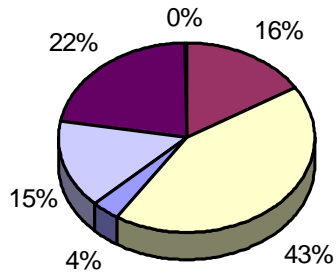
BUDGET PERFORMANCE TO 31 JANUARY 2005



EXPENDITURE - YEAR TO DATE

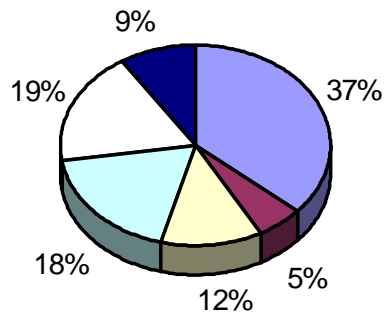


EXPENDITURE TYPE (YEAR TO DATE)



- Personnel
- Operations
- Loan Interest
- Depreciation
- Capital Works
- Loan Principal

INCOME TYPE (YEAR TO DATE)



- General Rates
- Targeted Rates
- Targeted Uniform Annual Charges
- Financial Contributions
- User Fees & Charges
- Other Income