

**FINANCE AND POLICY COMMITTEE MEETING HELD
FOLLOWING THE ENVIRONMENTAL SERVICES
COMMITTEE MEETING ON WEDNESDAY 18
NOVEMBER 2009 IN 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 21/10/2009* *page 53*

4. *Reports:*

- ◆ *Finance Report* *page 23*
- ◆ *Statement of Financial Position*
- ◆ *Statement of Financial Performance*
- ◆ *Corporate Services Budget Report* *page 37*
- ◆ *Library Report* *page 38*

5. *Urgent Business*

6. *Finance & Policy Public Excluded Session*

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

a. Confirmation of Minutes 21/10/2009

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) and 7(2)(i) of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for passing this resolution in relation to each matter	Grounds of the Act under which this resolution is made
Confirmation of Minutes 21/10/2009	The exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Local Authority to deliberate in private on its decision or recommendation.	Section 48(1)(a) and 7(2)(b)(ii)

FINANCE REPORT

Statement of Financial Position

October was a relatively quiet month in terms of financial transactions. Accounts payable (i.e. creditors) balance has decreased; but this has come at a cost of drawing on the cash advance.

Statement of Financial Performance

The financial year to date has produced an operating deficit of \$46,469 – as projected for this time of year. Overall, total revenue and total expense are extremely close to that budgeted, but there are several variations within each. Reasons for these key variances from actual to budget are explained below.

Income Variances:

<u>Activity</u>	<u>Variance</u>	<u>Main Reason</u>
Roading	Down \$46,270	NZTA subsidy not claimed in October (now pending)
Community Facilities	Up \$57,206	Development contributions and lease revenues exceeding expectations
Regulation & Control	Down \$25,694	Consent revenues extremely low
Safety & Wellbeing	Up \$23,058	Ministry of Youth Development funding not budgeted for.

Expenditure Variances:

<u>Activity</u>	<u>Variance</u>	<u>Main Reason</u>
Roading	Down \$21,313	Timing of maintenance projects
Safety & Wellbeing	Over \$21,547	Youth Skills and Sports Coordination projects not budgeted for.

Statement of Cash Flows

Cash remains positive from operating activities, and increased use of term loans has enabled significant investment in fixed assets for the year to date (as shown on the schedule of capital expenditure contained within this finance report).

Cash Flow Projection

Cash remains ahead of projections, with higher turnover in September due to receipt of the first rates instalment.

Capital Expenditure

Capital Expenditure during October was extremely light, consisting only of the ongoing North Wharf project, some materials for the boardwalk to Seal Point, plus some minor roading renewal work.

A new graph has been added to this report for the first time; the Capital Projects Report, which compares the percentage complete of various projects compared to the percentage spent. This will highlight at a glance any capital project that could potentially finish over budget. As an example, new vehicle purchases are complete for the year (100%), yet the total

cost was 115% of budget; fortunately this is a timing issue and funds will be sufficient to cover this by year end.

Working Capital & Liquidity

Working capital is just under \$6 million, somewhat higher than last year. This will progressively decrease over the remainder of the financial year as the rates instalments are paid.

Liquidity is currently 3.88:1, which remains well in excess of the requirements of our Liability Management Policy of 1.1:1.

Income & Expenditure Pie Charts

The income chart indicates that 66% of our operating revenue to date is from rates (last year 61%), and user fees make up only 20% of operating revenue (last year 24%).

Capital expenditure made up 34% of our total expenditure (last year 28%).

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2009

	31/10/09	31/10/09	31/10/08
	\$	\$	\$
PUBLIC EQUITY			
Ratepayers Equity		90,867,035	91,265,297
Special Reserves		792,449	767,358
Asset Revaluation Reserve		35,395,399	35,685,584
Special Funds		2,112,295	2,131,618
		129,167,178	129,849,857
<i>Represented By:</i>			
CURRENT ASSETS			
Cash & Cash Equivalents	3,119,649		2,433,580
Accounts Receivable	637,340		592,486
Rates Receivable	4,498,214		4,311,902
Prepayments	4,899		4,782
Current Portion of Sinking Funds	100,994		282,483
Property Intended for Sale	890,000		918,000
Total Current Assets	9,251,096		8,543,233
<i>Less:</i>			
CURRENT LIABILITIES			
Accounts Payable	841,443		1,046,503
Cash Advance	350,000		100,000
Current Portion Term Liabilities	1,131,000		1,761,000
Environment Canterbury	691,243		732,631
GST Payable	247,315		319,065
Total Current Liabilities	3,261,001		3,959,199
NET WORKING CAPITAL		5,990,095	4,584,034
NON CURRENT ASSETS			
Sinking Funds & Term Deposits		447,405	276,682
Fixed Assets		128,424,371	128,016,970
		128,871,776	128,293,652
<i>Less:</i>			
NON CURRENT LIABILITIES			
Term Loans		5,065,000	2,453,000
Landfill Aftercare Provision		147,248	143,242
Other Non Current Liabilities		482,445	431,587
		5,694,693	3,027,829
		129,167,178	129,849,857

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 31 OCTOBER 2009

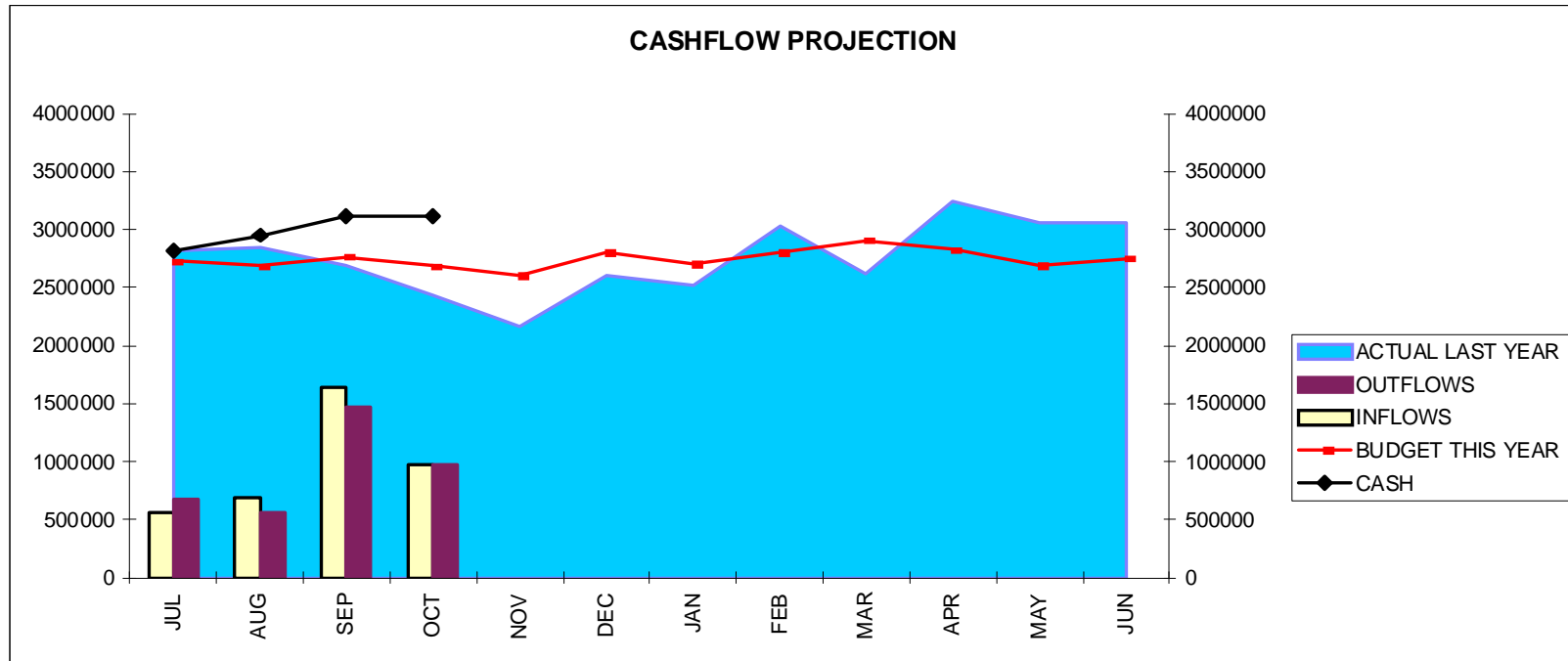
BUDGET		31/10/09	31/10/08
\$	REVENUE	\$	\$
315,392	Roading	269,122	177,279
201,851	Water Services	200,584	221,306
193,290	Sewerage & Stormwater	208,654	204,933
25,664	Refuse & Recycling	33,112	9,740
143,334	Community Facilities	200,540	146,297
306,823	Commercial Activities	312,812	201,668
28,924	Leadership & Governance	21,690	17,624
153,198	Regulation & Control	127,504	104,366
73,060	Safety & Wellbeing	96,118	98,310
108,637	District Development	108,877	66,837
33,050	Interest Revenue	27,372	55,058
617,775	General Rates	615,475	945,088
2,200,998		2,221,860	2,248,506
	EXPENSE		
446,167	Roading	424,854	598,116
296,126	Water Services	286,466	276,361
212,915	Sewerage & Stormwater	220,625	193,358
119,431	Refuse & Recycling	122,942	141,766
329,279	Community Facilities	332,021	352,396
110,312	Commercial Activities	119,272	84,608
221,194	Leadership & Governance	215,538	229,248
225,103	Regulation & Control	223,515	197,354
94,057	Safety & Wellbeing	115,604	90,537
202,830	District Development	207,492	163,734
2,257,414		2,268,329	2,327,478
\$(56,416)	Operating Surplus/(Deficit)	\$(46,469)	\$(78,972)

The Operating Surplus/(Deficit) includes development contribution revenue of \$75,314 as at 31 October 2009, and \$71,253 as at 31 October 2008.

STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2009

	31/10/09	31/10/08
	\$	\$
<u>OPERATING ACTIVITIES</u>		
Cash was provided from:		
Rates	1,257,913	1,155,518
Interest Revenue	27,372	55,058
Other	959,451	1,365,235
Total Operating Cash Inflow	2,244,736	2,575,811
Cash was applied to:		
Employees & Suppliers	1,885,622	2,451,374
Interest Paid	135,718	114,040
Total Operating Cash Outflow	2,021,340	2,565,414
NET CASH FLOW FROM OPERATING ACTIVITY	223,396	10,397
<u>INVESTING ACTIVITIES</u>		
Cash was provided from:		
Sale of Assets	-	-
Sinking Funds received	42,652	-
Total Investing Cash Inflow	42,652	-
Cash was applied to:		
Purchase of Fixed Assets	1,184,640	946,282
Sinking Funds paid	116,325	106,399
Total Investing Cash Outflow	1,300,965	1,052,681
NET CASH FLOW FROM INVESTING ACTIVITY	(1,258,313)	(1,052,681)
<u>FINANCING ACTIVITIES</u>		
Cash was provided from:		
Term Borrowing	1,222,000	200,000
Cash Advance	350,000	100,000
Total Financing Cash Inflow	1,572,000	300,000
Cash was applied to:		
Loan Repayments	166,000	-
Cash Advance Repayments	200,000	130,000
Total Financing Cash Outflow	366,000	130,000
NET CASH FLOW FROM FINANCE ACTIVITY	1,206,000	170,000
NET INCREASE/(DECREASE) IN CASH	171,083	(872,284)
OPENING CASH BALANCE (1 JULY)	2,948,566	3,305,864
CLOSING CASH BALANCE	3,119,649	2,433,580

CASH FLOW PROJECTION FOR THE YEAR TO 30 JUNE 2010

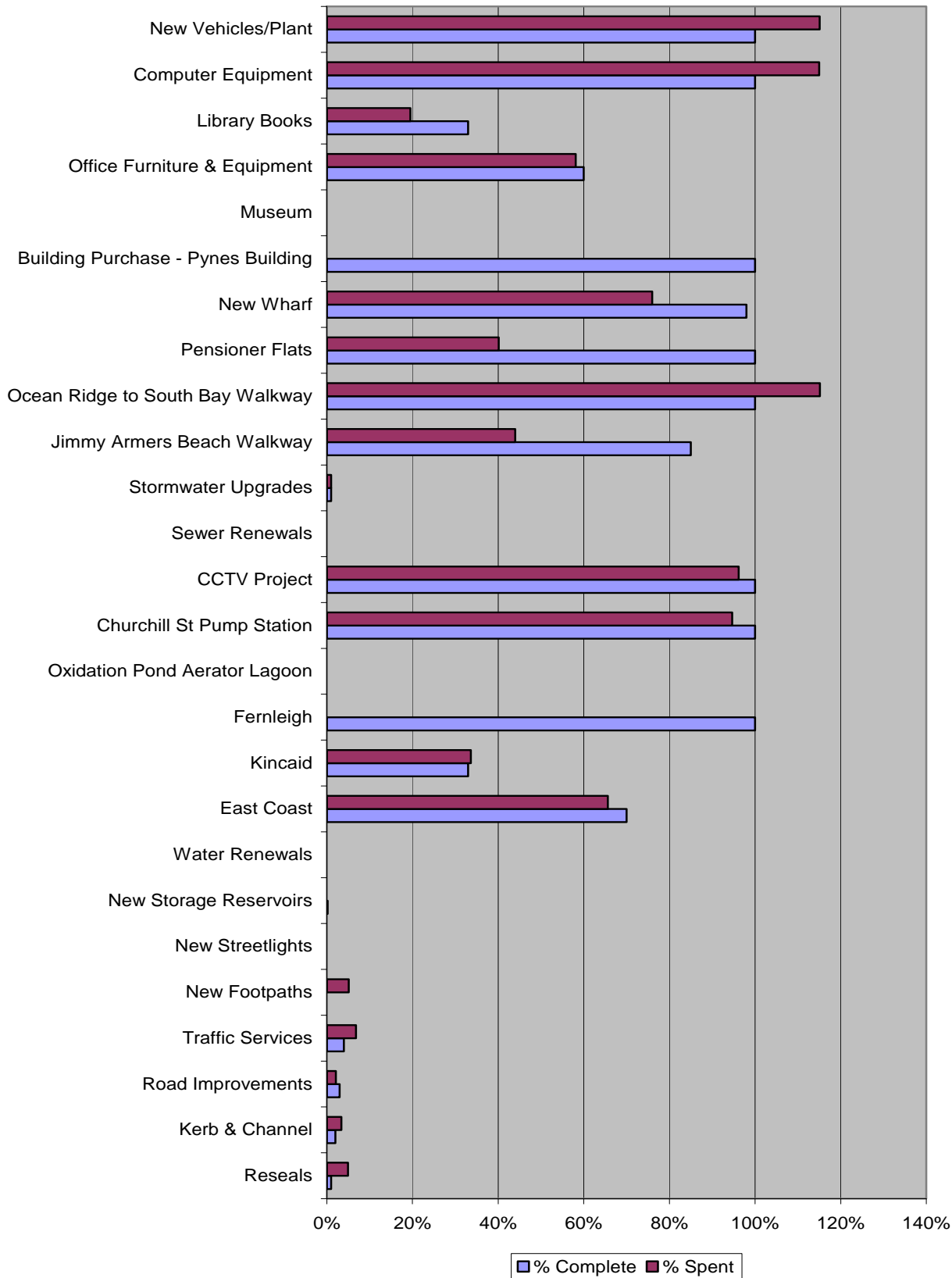


CAPITAL EXPENDITURE
FOR THE PERIOD ENDED 31 OCTOBER 2009

	ACTUAL	BUDGET	FUNDS CARRIED FWD
	\$	\$	\$
Office Furniture & Equipment	-	9,823	-
Computer Equipment	2,520	2,192	18,717
Vehicle Purchases & Other Plant	29,156	21,482	21,524
Ludstone Road Intersection	-	100,000	-
Sealed Road Renewals	6,388	129,250	-
Unsealed Road Renewals	-	34,740	-
Kerb & Channel Renewals	1,000	29,570	-
Road Rehabilitation	-	50,464	-
Associated Improvements	-	8,272	-
Traffic Services	1,407	20,680	-
Minor Improvements	1,532	72,380	-
New Footpaths	-	511,000	-
Footpath Renewals	1,127	22,239	-
New Streetlights	-	19,610	-
Landfill Cell Capping & Development	-	22,500	-
Sewerage Churchill St Pump Station	1,100	-	21,000
Sewerage Oxidation Pond Aerator Lagoon	190	325,000	-
Sewerage Pipe Infrastructure Renewals	-	340,000	-
Sewerage CCTV Project	10,921	-	-
Stormwater Upgrade	2,200	224,000	-
Stormwater Renewals	-	12,000	-
Kaikoura Water New Reservoirs	-	255,000	-
Kaikoura Water Renewals	-	94,964	-
East Coast Water Upgrade	27,562	-	-
Kincaid Water Renewals	-	16,977	-
Fernleigh Water Renewals	6,863	-	31,500
Forestry Planting, Pruning & Thinning	-	4,136	-
North Wharf Replacement	103,783	-	267,726
Building Purchase	900,000	-	-
Airport Hangars	-	150,000	-
Public Toilets	-	42,040	-
Coastal Strategy Development	143	33,758	-
Town Clock	762	-	762
Playground Equipment	-	13,663	-
Walkway Jimmy Armers to Point Kean	22,795	-	37,377
Walkway South Bay to Ocean Ridge	41,790	-	34,966
Pensioner Flats Upgrading	4,813	-	-
Council Office (Existing)	10,359	-	-
Museum Concept Designs etc	3,155	-	-
Library Books & Non-Books	5,074	25,990	23,252
TOTAL CAPITAL EXPENDITURE	1,184,640	2,591,730	456,823

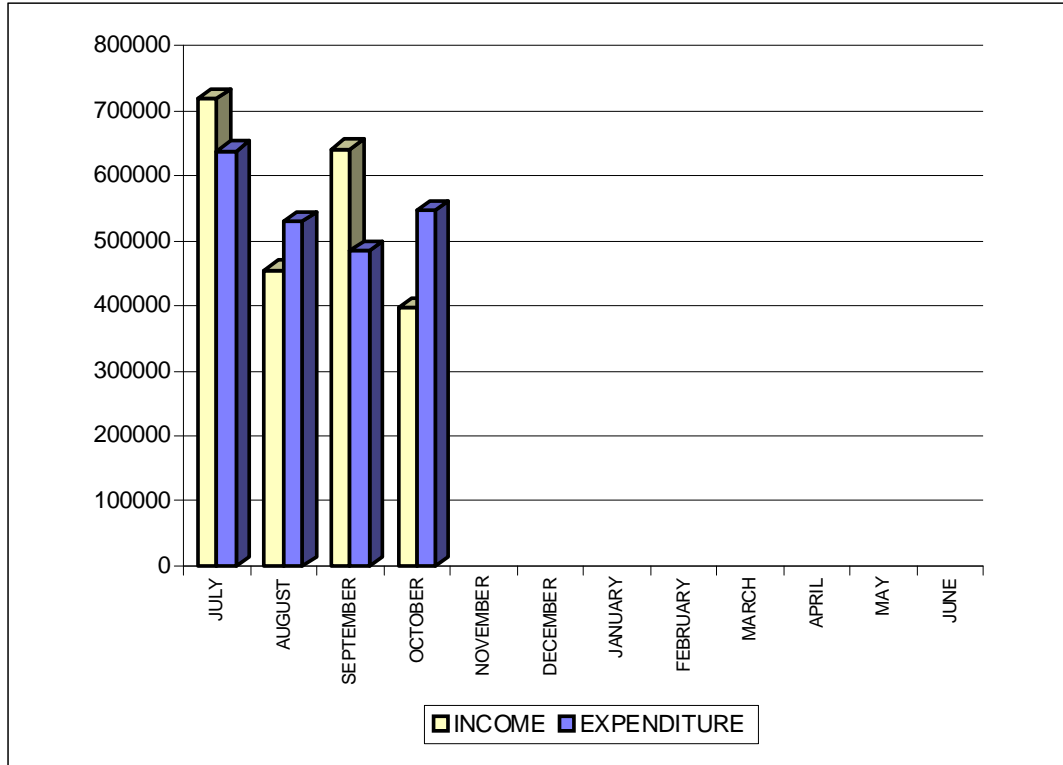
Capital Projects Report

% Complete vs % Spent

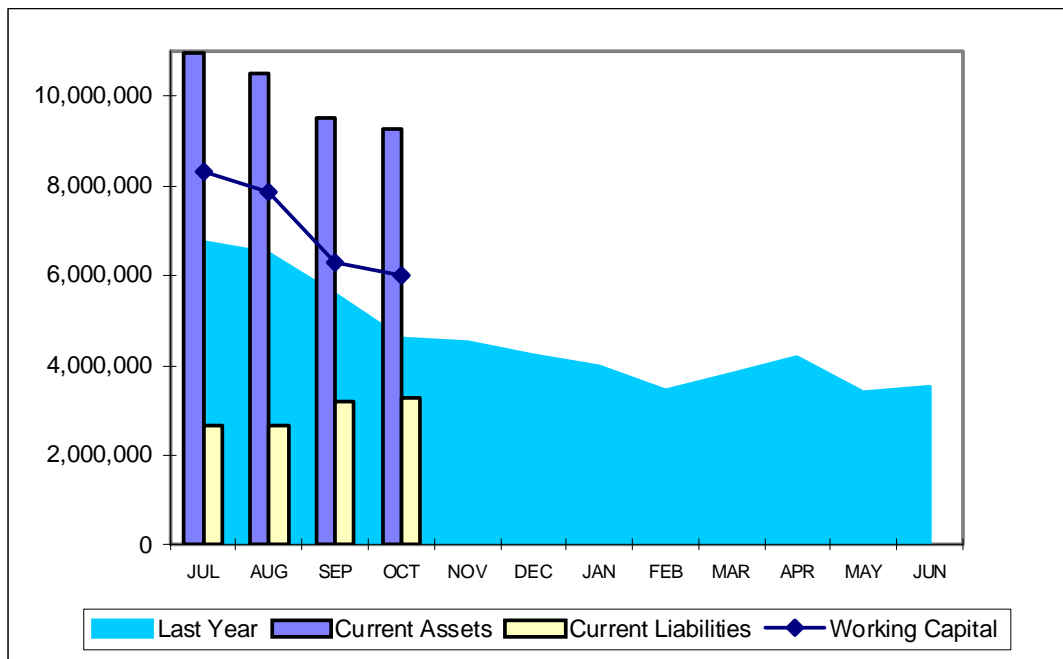


INCOME AND EXPENDITURE

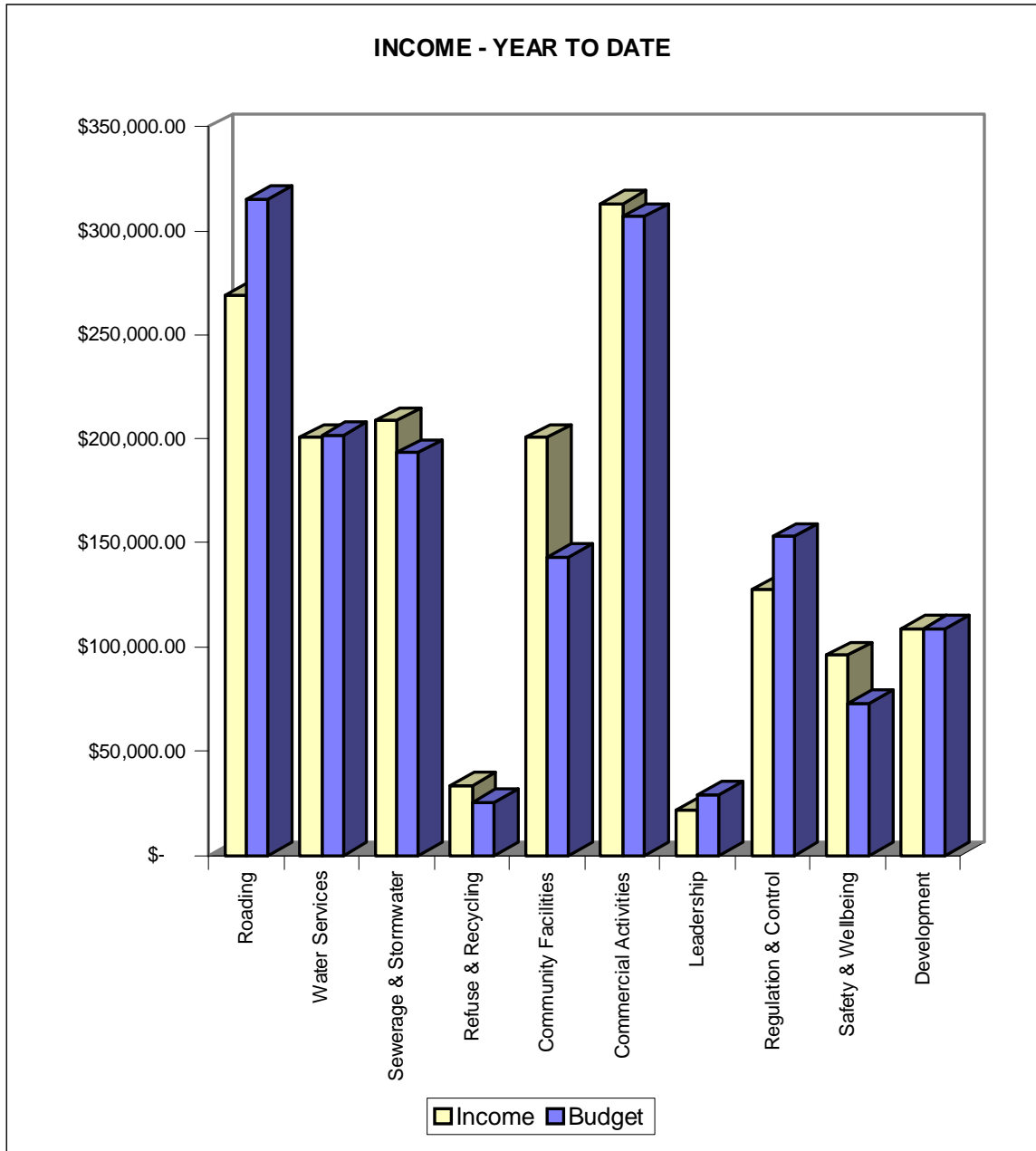
TO 31 OCTOBER 2009



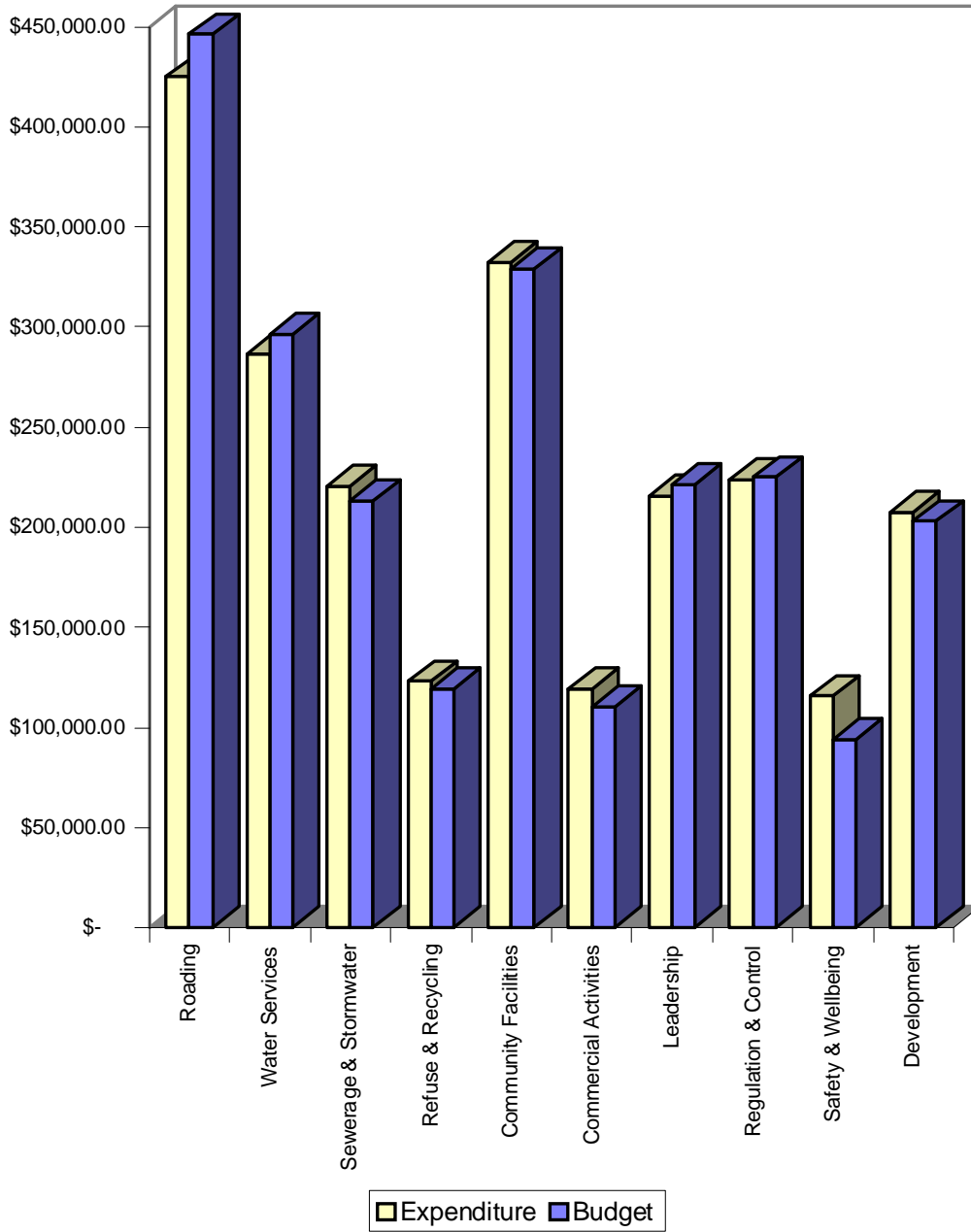
WORKING CAPITAL TO 31 OCTOBER 2009

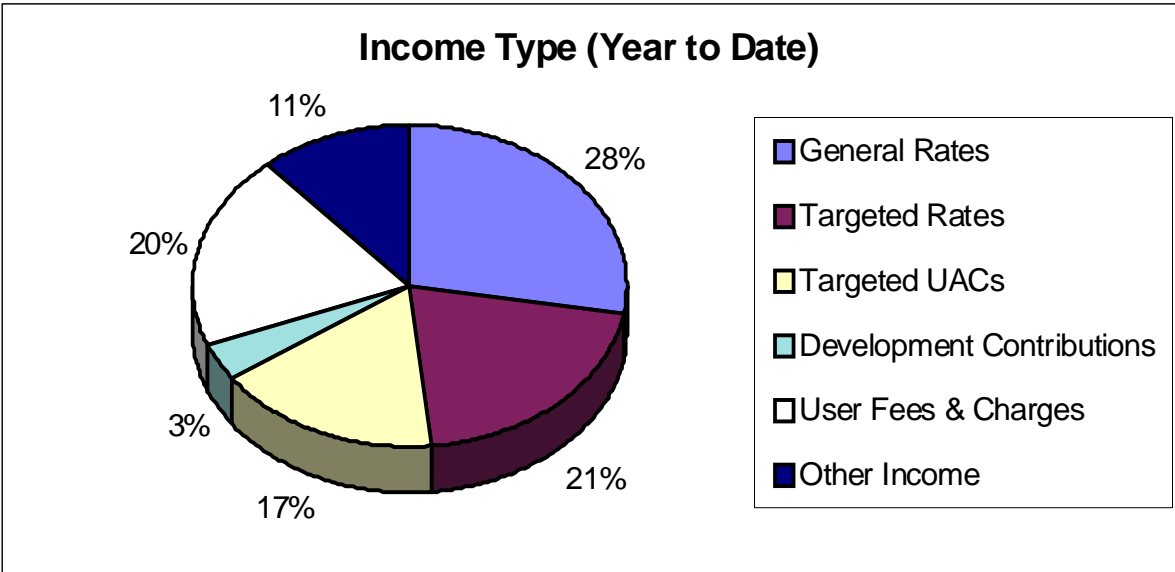
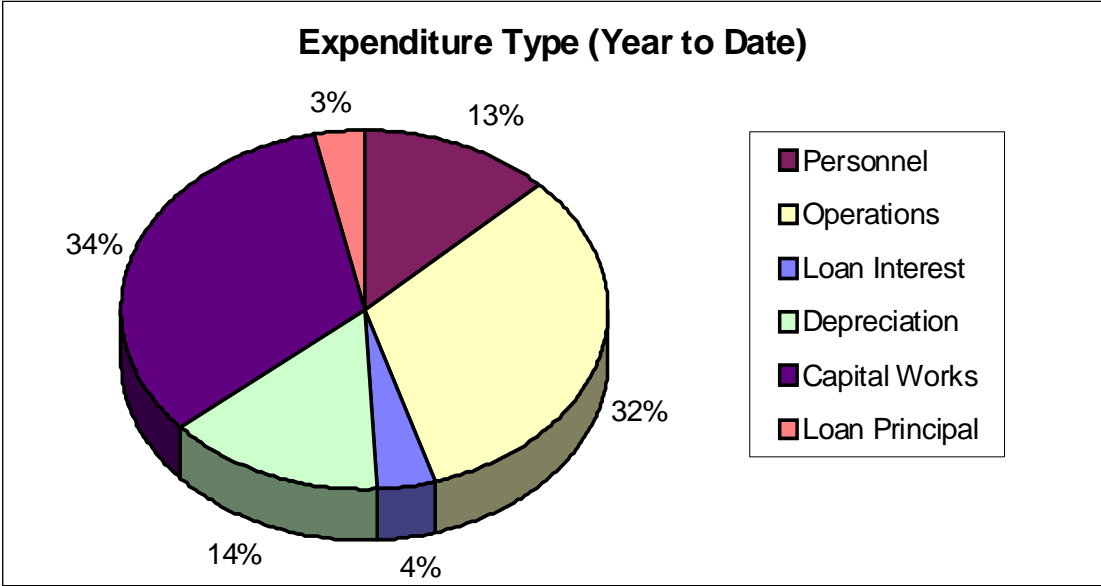


BUDGET PERFORMANCE TO 31 OCTOBER 2009

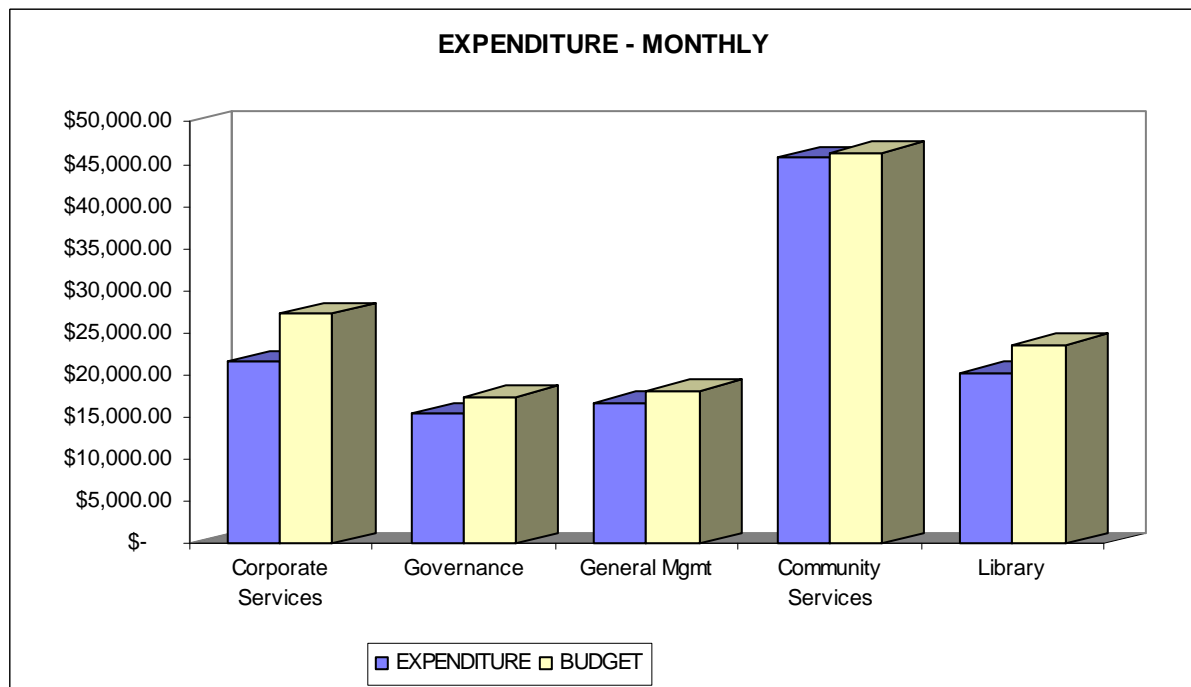
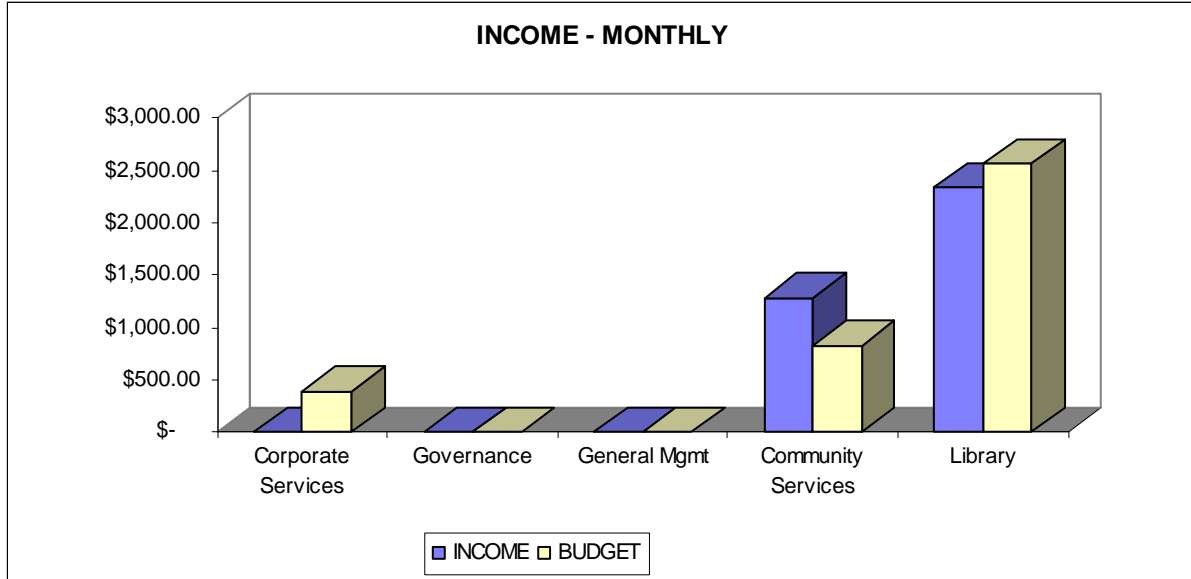


EXPENDITURE - YEAR TO DATE

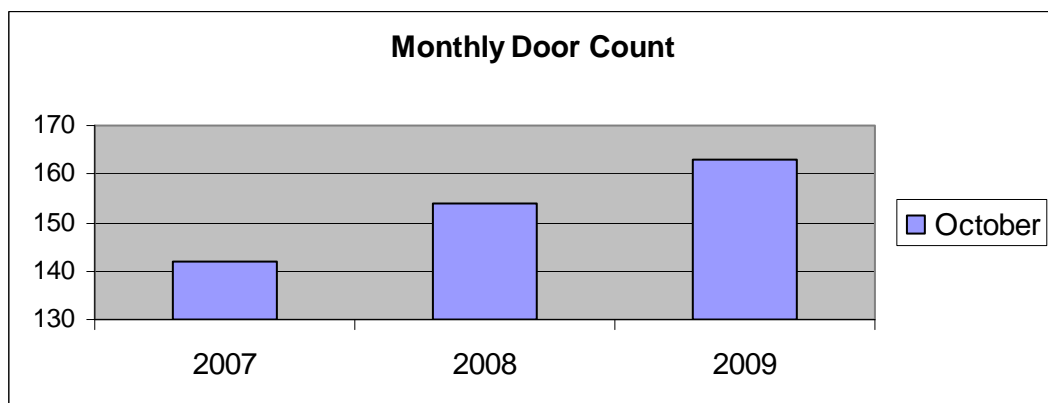
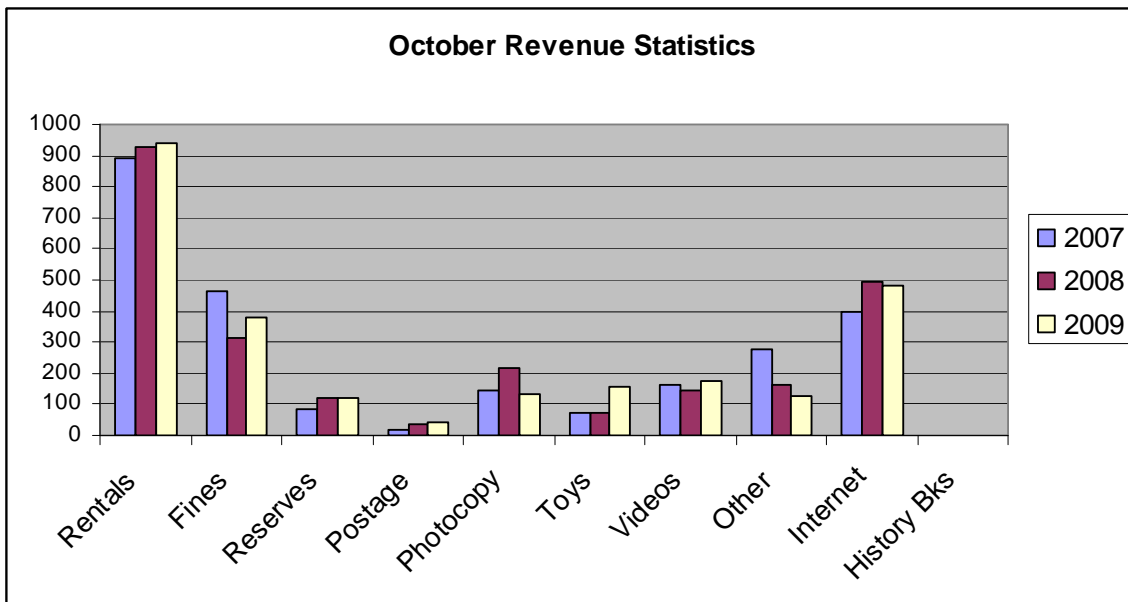
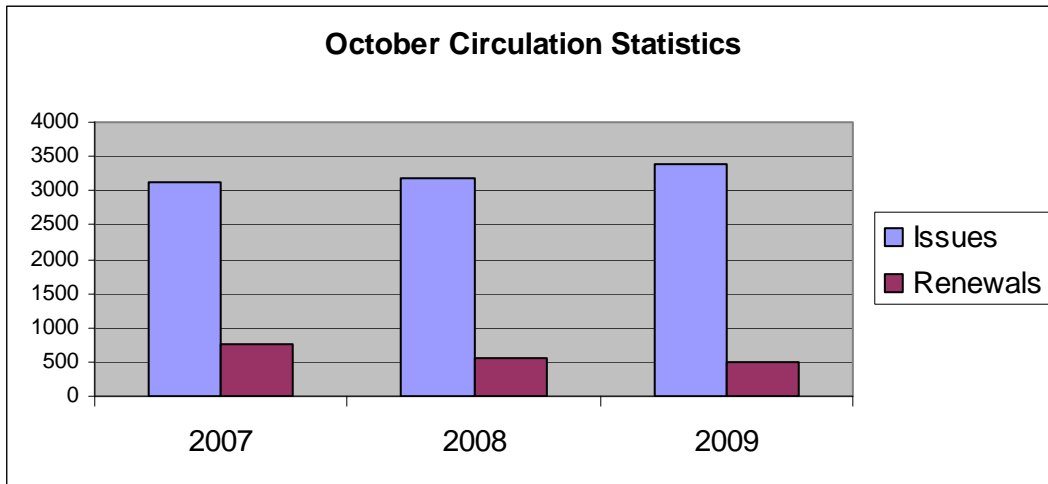




Corporate Services Budget Report



LIBRARY REPORT



◆ 1 October – 31 October 2009 = 4226.
Daily average = 163.

Administration

- ◆ The annual LIANZA Conference was held in Christchurch Sunday 11th October – Wednesday 14th October and as always provided an excellent forum for the exchange of ideas, professional networking and continuing education attended by Library Manager, Cheryl Barker and Library Assistant, Jackie Brown.
- ◆ Toy Library meeting took place on the 22 October with guest speaker Susi Haberstock on application fundraising. An application for funding was completed and sent on the 27th October.
- ◆ A quote for painting the outside of the library building was approved this month and work progressing well weather permitting by Owen Gurden.

Events & Activities

- ◆ Resources have begun to arrive for the Summer Reading Programme, Dive into Books!

Collection Development

- ◆ October saw the arrival of a TOTS exchange of 50 talking books from Marlborough District Library. This resulted in a large selection of new talking books available to Kaikoura residents. 60 titles were deleted and sent onto Hurunui District Library.

Class Visits

- ◆ Little Tamariki Montessori pre-school enjoyed a visit on the 6th October.
- ◆ St Joseph's class enjoyed a visit on the 30th October.
- ◆ Adult Learning centre enjoyed 3 visits this month on the 5th, 12th & 19th October.

Technology

- ◆ Pete Tripp IT support came on the 16th October and checked the computer system.
- ◆ Jeremy Adams from Softlink spent 4 hours on the 20 October accessing the library software and will send another plug in for installation which will hopefully improve the current system problems that library staff has been experiencing.