

FINANCE AND POLICY COMMITTEE MEETING HELD ON WEDNESDAY 17 AUGUST 2011 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 20/07/2011

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4. Minutes Action and Issues List Update

MEETING	ACTION REQUIRED	BY	DATE ACTIONED
	10 NOVEMBER 2010		
Finance & Policy	Obtain a report from Merrill Ring once the current logging is completed regarding the state of the forest.	Chief Executive Officer	Logging still in progress.
	20 JULY 2011		
Finance and Policy	Update the Housing for the Elderly waiting list	Administration Officer	In Progress

5. Reports:

- ◆ *Finance Report* *page 55*
- ◆ *Statement of Financial Position*
- ◆ *Statement of Financial Performance*
- ◆ *Corporate Services Budget Report* *page 70*
- ◆ *Library Report* *page 71*

6. Urgent Business

7. 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 20/07/2011

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 20/07/2011	The exclusion of the public from the whole or the relevant part of the proceedings of the meeting is to	Section 48(1)(a) and 7(2)(b)(ii)

	protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	
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FINANCE REPORT

Statement of Financial Position

Council has a strong financial position as we go into the 2011/2012 financial year, with total liabilities at just over \$9 million, compared to total assets of \$168 million. Net debt (current borrowings plus non-current borrowings, less cash) is \$1.7 million; or \$470 per capita.

Statement of Comprehensive Income

The financial year begins with a modest deficit of \$48,516; less than had been projected mainly due to ongoing logging sales at the Clarence forest. Grants and subsidy revenues are down due to the NZ Transport Agency claim for roading subsidies yet to be prepared. The bulk of variances in revenue types are due to timing, however user charges are starting the year particularly slowly.

Statement of Activity Performance

The main reasons for activity variances (actual vs budget) in excess of \$10,000 are explained below.

Income Variances:

Activity	Variance	Main Reason
Roading	Down \$40,108	NZTA Subsidies yet to be claimed for July.
Water Services	Up \$10,806	Development contributions received.
Sewerage	Up \$14,286	Development contributions received.
Community Facilities	Down \$12,789	Development contributions not received
Commercial Activities	Up \$79,063	Logging continuing at Clarence forest.

Expenditure Variances:

Activity	Variance	Main Reason
Community Facilities	Under \$22,324	Still waiting for monthly invoices for parks & reserves maintenance, and public toilet cleaning.
Leadership & Governance	Over \$12,018	Asset manager's time spent on projects, etc, yet to be received so as to be allocated to other cost centres.

Statement of Cash Flows

Negative cash flow from operating activities is normal in the first couple of months in our financial year, until the first rates instalment falls due in September. Capital work has been very light, and no loans have been required.

Cash Flow Projection

This graph attempts to predict cash movements over the coming financial year, and assumes that the Museum construction will get underway in April/May.

Capital Expenditure

The emergency storage shed at the tar depot is currently under construction, and should be almost finished by this Council meeting. An upgrade of the power supply to the sewerage aerated lagoons should also complete this project.

Working Capital & Liquidity

Working capital includes the total rates requirement commencing from the start of each financial year, so it is a normal trend for working capital to decrease as rates are paid to us over the year. We begin the financial year with working capital particularly high at over \$8 million.

Liquidity is 6.04:1, meaning we have \$6.04 worth of cash (or assets that can quickly be converted to cash) for every \$1.00 of liabilities that need to be paid in the short term.

Income & Expenditure Pie Charts

Rates revenue makes up 56% of our total revenue for year to date. At this early stage in the financial year, these proportions are easily distorted by one-off large receipts such as forestry logging revenues.

Expenditure types have been similarly distorted by the large payment of insurance premiums for this first month of the financial year.

GLOSSARY OF TERMS: Items on the Statement of Financial Position

Cash & Cash Equivalents	Bank accounts and term deposits that mature within 90 days.
Trade & Other Receivables	Debtors and Rates accounts (the amount that our ratepayers and customers owe us).
Prepayments & Inventory	Bills we have paid in advance (such as insurance), plus stock items.
Other Financial Assets	Term deposits that mature after 90 days, and sinking funds (interest-bearing funds held by Public Trust to repay loans when they mature).
Investment Property for Sale	Property that Council intends to sell within 12 months
Forestry Assets	The standing value of trees grown specifically for logging
Investment Property	Any property that is owned with the intention of generating a return (e.g. Pyne's building and north wharf buildings).
Property, Plant & Equipment	All other assets – roads, wharves, water and sewer infrastructure, land, buildings, vehicles, furniture, art works, library books, etc
Trade & Other Payables	Bills we haven't paid yet, and other amounts we must pay within 12 months (refundable bonds, GST, ECan's share of rates revenue, etc).
Employee Liabilities	Annual leave owing to employees
Borrowings – Current	Loans that must be repaid within 12 months.
Provisions	Landfill Aftercare Provision – an estimate of the cost that will be incurred to secure and cap the site once the landfill is closed.
Borrowings – Non Current	The balance of loans that don't need to be repaid within 12 months.
Other Term Debt	Our share of Marlborough Regional Forestry debts, and other long term liabilities.
Public Equity	A type of equity which records accumulated surpluses and deficits, and other movements in equity not recorded below.
Asset Revaluation Reserve	A type of equity which records movements in property, plant and equipment values.
Special Funds & Reserves	A type of equity which records funds set aside for specific purposes (such as grants, targeted rates, development contribution funds, etc)

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2011

	FORECAST (to Year End) \$	ACTUAL 31/07/11 \$	ACTUAL 31/07/10 \$
ASSETS			
<i>Current Assets</i>			
Cash & Cash Equivalents	3,041,134	4,571,331	3,274,107
Trade & Other Receivables	966,360	7,198,151	6,843,178
Prepayments & Inventory	71,111	4,092	4,899
Other Financial Assets	373,796	297,927	261,380
GST Refundable	14,400	-	-
Investment Property for Sale	-	-	890,000
Total Current Assets	4,466,801	12,071,501	11,273,564
<i>Non-Current Assets</i>			
Other Financial Assets	694,193	550,991	482,447
Forestry Assets	2,583,334	2,417,840	2,541,418
Investment Property	3,841,000	3,985,000	3,110,000
Property, Plant & Equipment	152,986,460	149,010,012	122,639,487
Total Non-Current Assets	160,104,987	155,963,843	128,773,352
TOTAL ASSETS	164,571,788	168,035,344	140,046,916
LIABILITIES			
<i>Current Liabilities</i>			
Trade & Other Payables	944,405	1,876,950	1,682,979
Employee Liabilities	80,000	70,363	67,710
Borrowings – Current	2,145,831	1,796,000	1,374,000
Total Current Liabilities	3,170,236	3,743,313	3,124,689
<i>Non-Current Liabilities</i>			
Provisions	167,325	149,445	147,248
Borrowings – Non Current	4,859,424	4,479,000	4,815,000
Other Term Debt	481,587	699,956	482,445
Total Non-Current Liabilities	5,508,336	5,328,401	5,444,693
EQUITY			
Public Equity	86,450,002	91,264,345	92,805,863
Asset Revaluation Reserve	68,850,250	63,687,152	35,395,399
Special Funds & Reserves	592,964	4,012,133	3,276,272
Total Equity	155,893,216	158,963,630	131,477,534
TOTAL LIABILITIES & EQUITY	164,571,788	168,035,344	140,046,916

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2011

	BUDGET 31/07/11 \$	ACTUAL 31/07/11 \$	ACTUAL 31/07/10 \$
REVENUE			
Rates Revenue	394,677	394,713	373,951
Water Meter Charges	-	-	-
User Fees & Charges	164,849	137,946	173,663
Grants & Subsidies	47,079	7,520	6,817
Development Contributions	23,839	44,521	18,436
Interest Revenue	10,123	1,641	4,629
Other Revenue ¹	27,899	114,208	3,241
Total Revenue	668,466	700,549	580,737
EXPENSES			
Personnel	124,640	117,497	112,505
Depreciation	146,534	146,525	129,063
Financing Expenses	39,252	36,164	37,473
Other Expenses	471,414	448,909	357,545
Total Expenses	781,840	749,095	636,586
Net Surplus/(Deficit)	(113,374)	(48,516)	(55,849)
OTHER COMPREHENSIVE INCOME			
Gains on asset revaluation	-	-	-
Financial assets at fair value through equity	-	-	-
Total Other Comprehensive Income	-	-	-
TOTAL COMPREHENSIVE INCOME	(113,374)	(48,516)	(55,849)

¹ Other Revenue includes forestry logging sales, Marlborough Regional Forestry joint venture revenue, and petrol tax

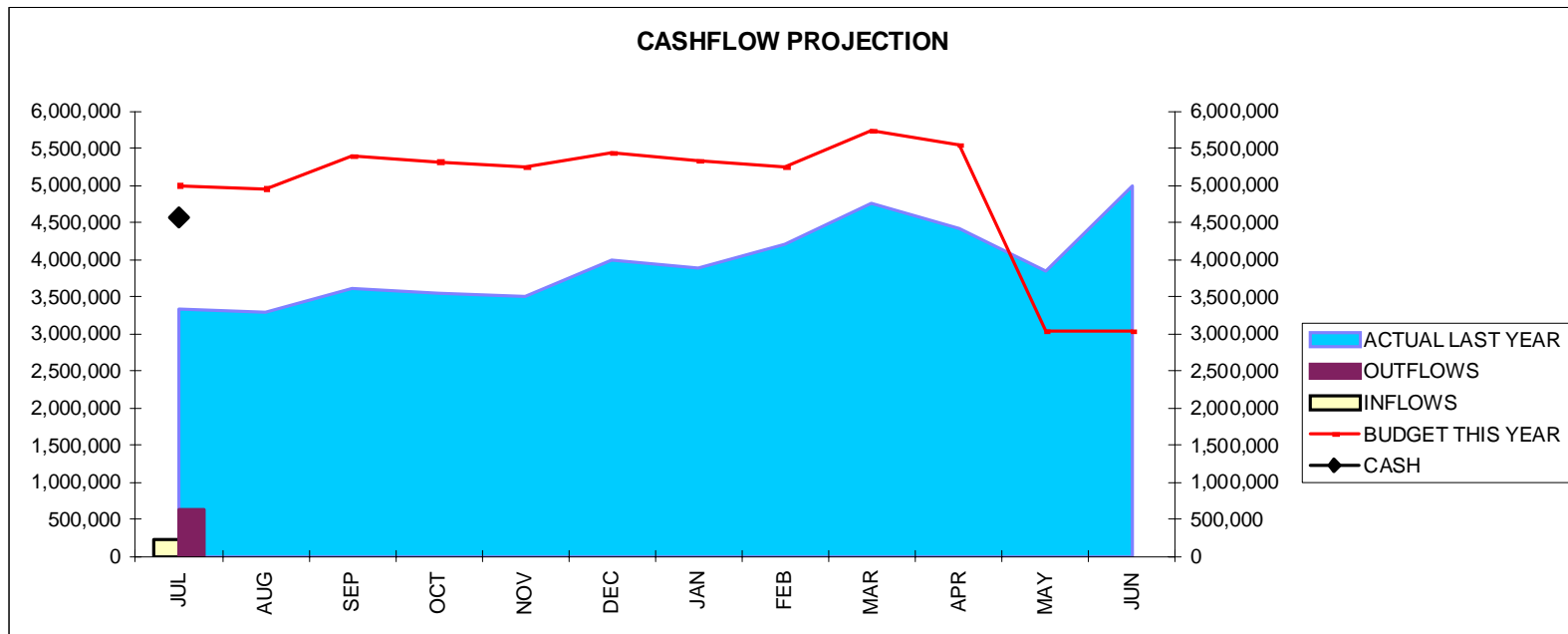
STATEMENT OF ACTIVITY PERFORMANCE
FOR THE PERIOD ENDED 31 JULY 2011

	BUDGET 31/07/11 \$	ACTUAL 31/07/11 \$	ACTUAL 31/07/10 \$
REVENUE			
Roading	96,407	56,299	66,042
Water Services	59,855	70,661	48,732
Sewerage & Stormwater	57,079	71,365	48,446
Refuse & Recycling	15,079	14,828	12,865
Community Facilities	96,863	84,074	107,259
Commercial Activities	54,952	134,015	32,955
Leadership & Governance	6,467	5,556	6,966
Regulation & Control	47,599	40,184	39,740
Safety & Wellbeing	24,275	24,878	18,744
District Development	26,595	23,906	34,125
Interest Revenue	10,123	1,641	4,629
General Rates	173,172	173,172	160,234
	668,466	700,579	580,737
EXPENDITURE			
Roading	114,010	109,233	134,000
Water Services	166,874	165,111	69,970
Sewerage & Stormwater	117,503	111,299	57,791
Refuse & Recycling	32,489	22,136	29,782
Community Facilities	103,683	81,359	73,364
Commercial Activities	33,182	30,093	29,566
Leadership & Governance	53,843	65,861	79,664
Regulation & Control	69,413	70,892	74,496
Safety & Wellbeing	37,282	44,043	25,047
District Development	53,561	49,058	52,906
	781,840	749,085	626,586
Activity Surplus/(Deficit)	(113,374)	(48,516)	(55,849)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2011

	ACTUAL 31/07/11 \$	ACTUAL 31/07/10 \$
OPERATING ACTIVITIES		
Receipts from Rates	133,983	113,460
Interest Received	1,641	4,629
Receipts from Other Revenue	80,719	247,335
Payments to Employees & Suppliers	(510,942)	(509,990)
Interest Paid	(36,164)	(37,473)
Net Cash from Operating Activities	(330,763)	(182,039)
INVESTING ACTIVITIES		
Proceeds from Sale of Assets	-	-
Sinking Funds Received	-	(13,737)
Purchase of Property, Plant & Equipment	(62,550)	-
Purchase of Forestry Assets	-	-
Purchase of Investment Property	-	-
Payments into Sinking Funds	(26,850)	(26,850)
Net Cash from Investing Activities	(89,400)	(40,587)
FINANCING ACTIVITIES		
Proceeds from Borrowing	-	-
Proceeds from Cash Advance	-	200,000
Repayment of Borrowings	-	-
Repayment of Cash Advance	-	-
Net Cash from Finance Activities	-	200,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(420,163)	(22,626)
CASH AT THE BEGINNING OF THE YEAR	4,991,494	3,296,733
CASH AT THE END OF THE YEAR	4,571,331	3,274,107

CASH FLOW PROJECTION FOR THE YEAR TO 30 JUNE 2012

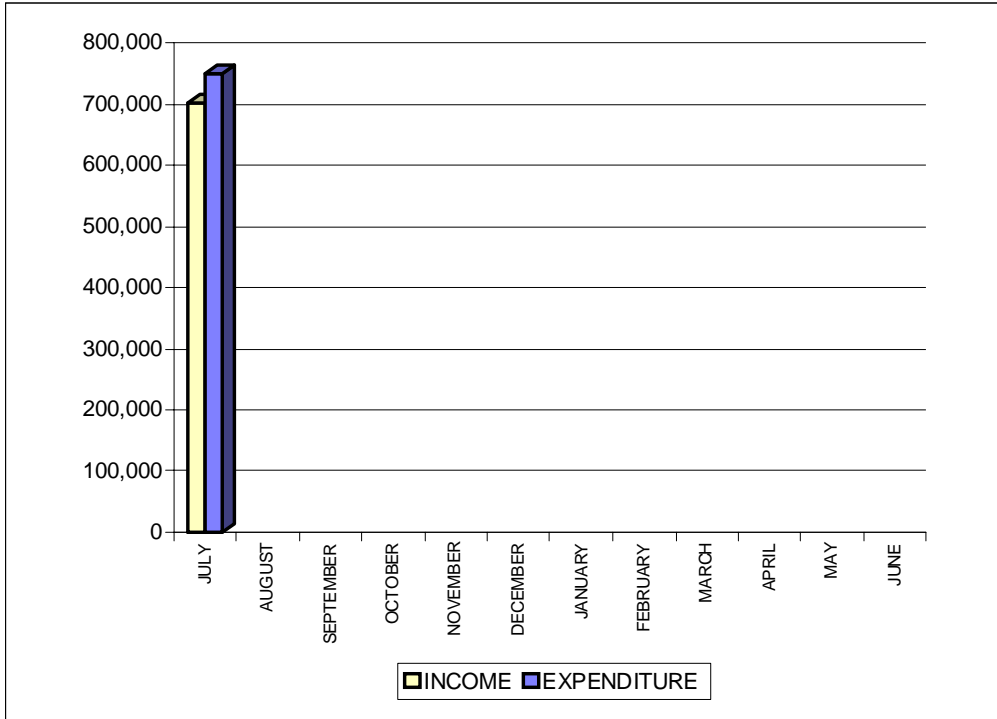


CAPITAL EXPENDITURE
FOR THE PERIOD ENDED 31 JULY 2011

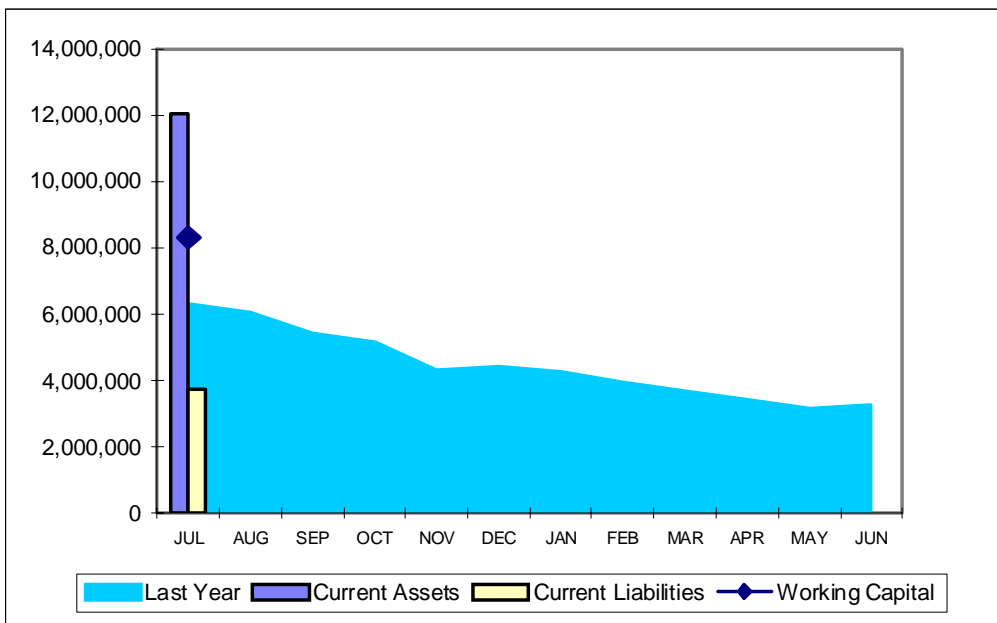
	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	BUDGET BT FWD \$
Office Furniture & Equipment	-	10,244	-
Vehicle Purchases & Other Plant	-	23,471	-
Emergency Storage Shed (Rural Fire)	39,808	-	35,000
Sealed Road Renewals	-	264,000	-
Unsealed Road Renewals	-	60,000	-
Kerb & Channel Renewals	-	50,000	-
Road Rehabilitation	-	60,000	-
Associated Road Improvements	-	6,000	-
Traffic Services	-	22,000	-
Minor Road Improvements	-	63,000	-
New Footpaths	-	150,000	-
Footpath Renewals	-	28,922	-
New Streetlights	-	21,073	-
Landfill Cell Capping & Development	-	22,500	-
Sewerage Aerator Lagoon	17,627	-	-
Sewerage Pipe Renewals	-	140,000	432,000
Sewerage New Main Line	-	1,143,000	-
Stormwater Upgrade	-	5,000	44,000
Stormwater Renewals	-	12,000	-
Kaikoura Water Renewals	345	128,890	-
Kincaid Water Renewals	-	23,349	-
Oaro Water Treatment Upgrade	-	25,000	-
Forestry Pruning & Thinning	-	4,000	-
Airport Hangars	-	-	150,000
Parks & Reserves Improvements	420	19,820	-
Playground Equipment	-	8,000	-
Council Office Renewals	-	20,291	-
New Museum	4,350	-	2,365,000
Library Books & Non-Books	-	32,147	-
TOTAL CAPITAL EXPENDITURE	62,550	2,342,707	3,026,000

INCOME AND EXPENDITURE

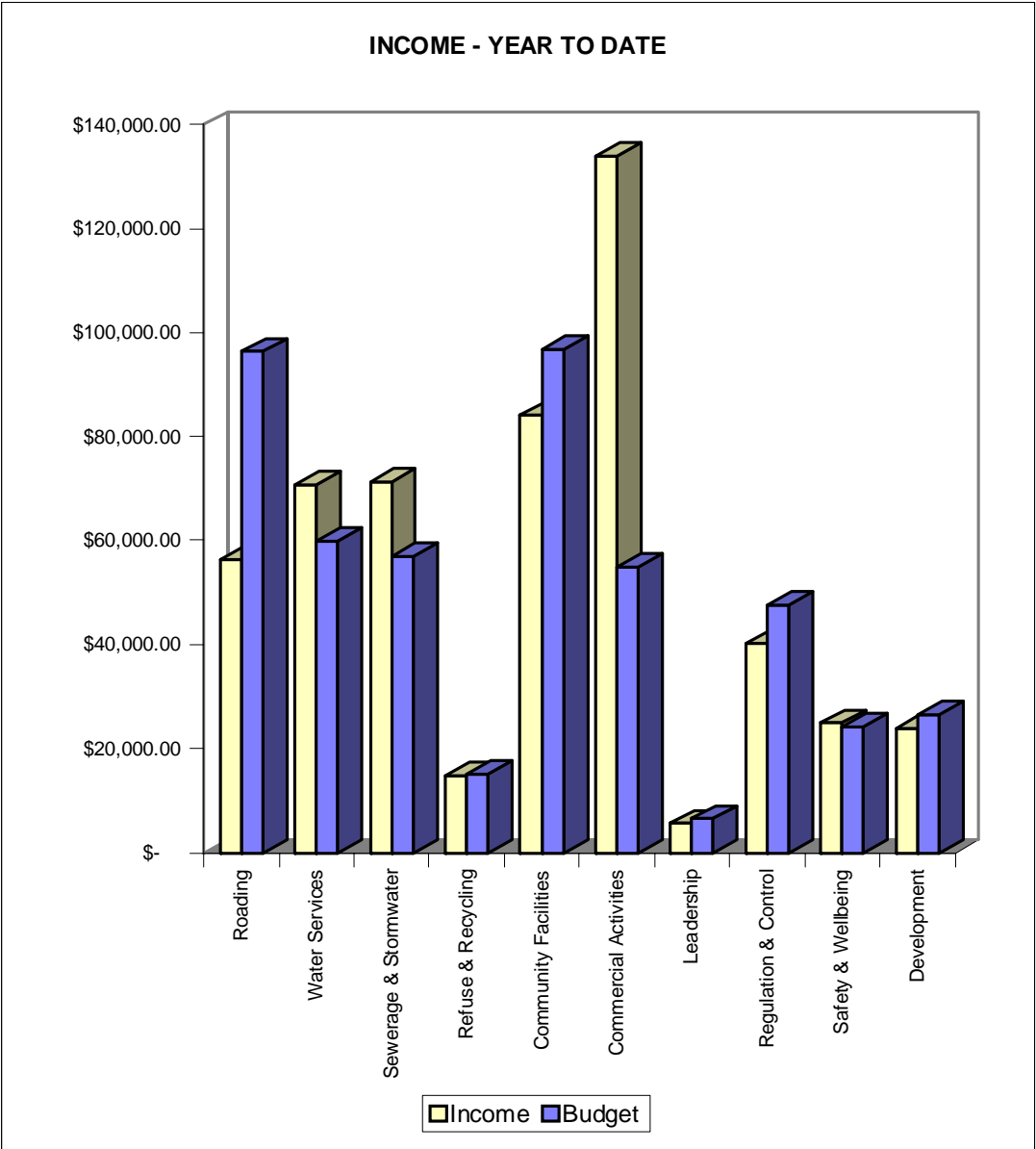
TO 31 JULY 2011



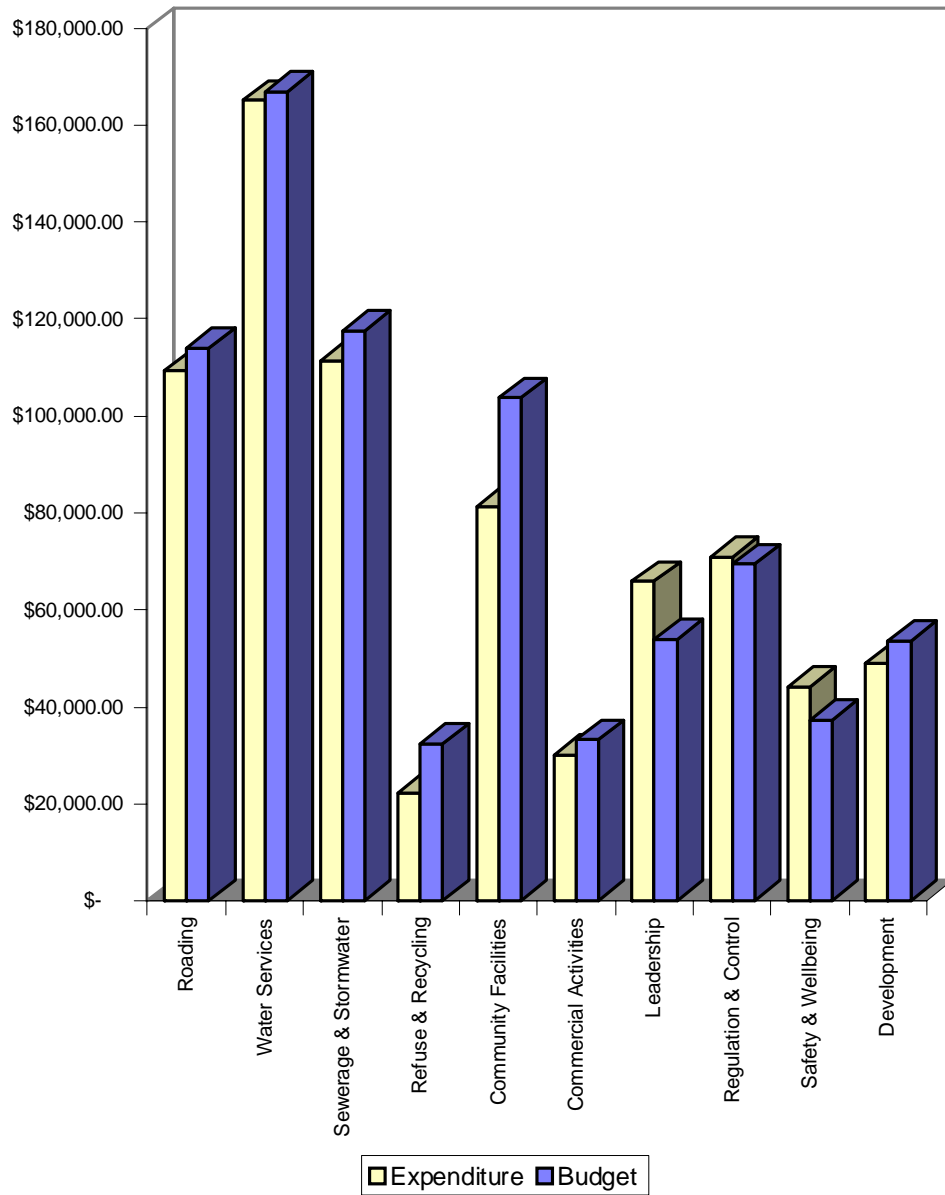
WORKING CAPITAL TO 31 JULY 2011



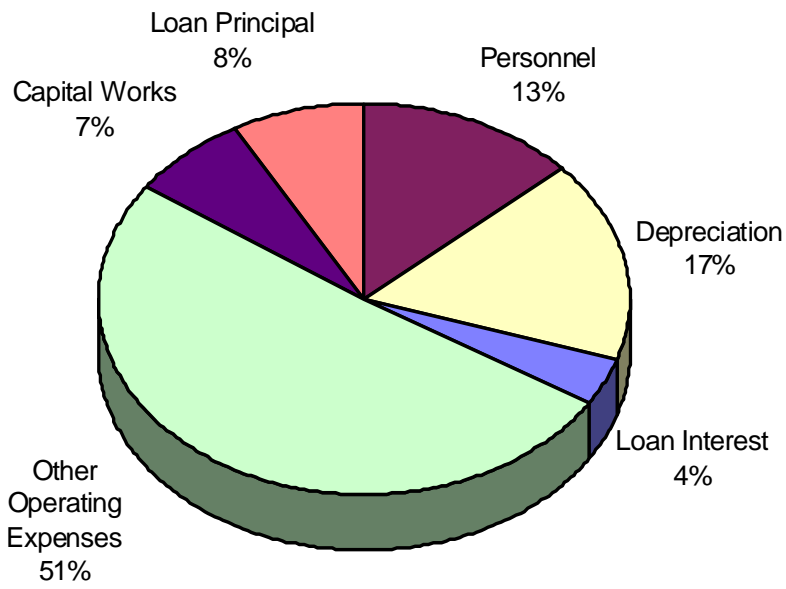
BUDGET PERFORMANCE TO 31 JULY 2011



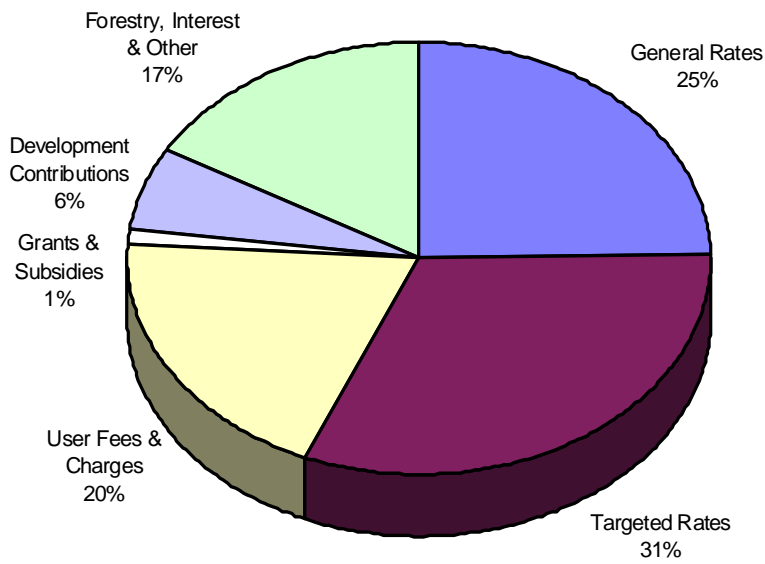
EXPENDITURE - YEAR TO DATE



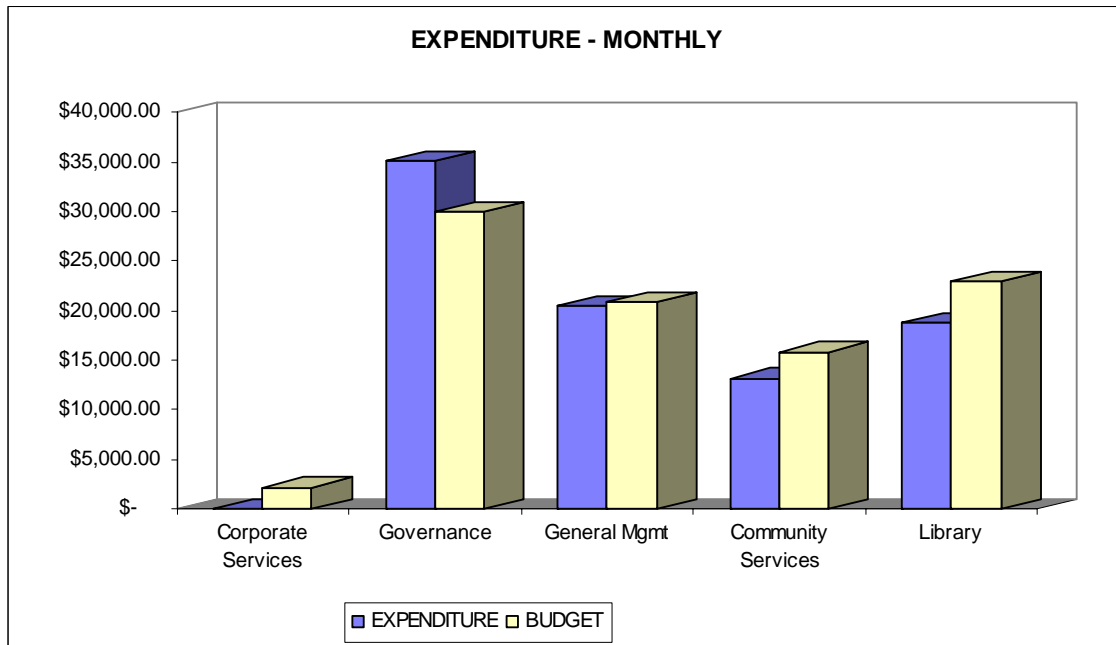
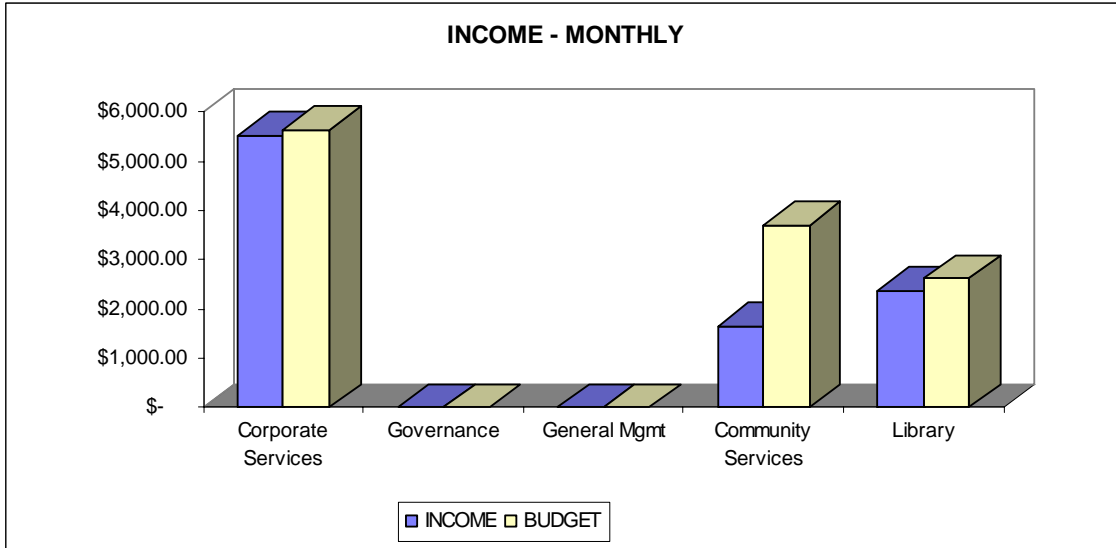
Expenditure Type (Year to Date)



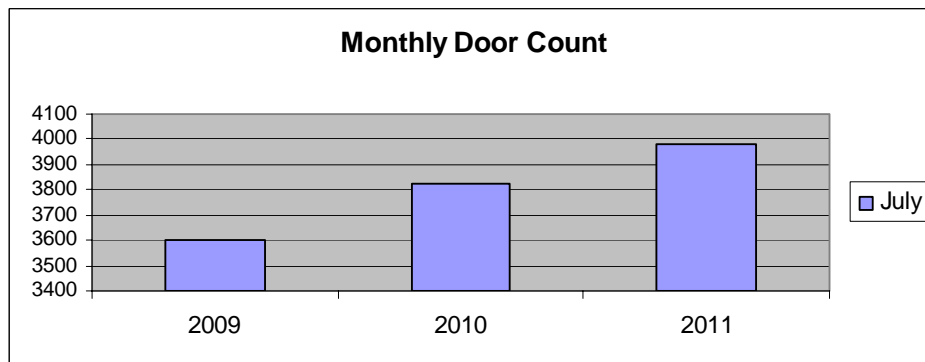
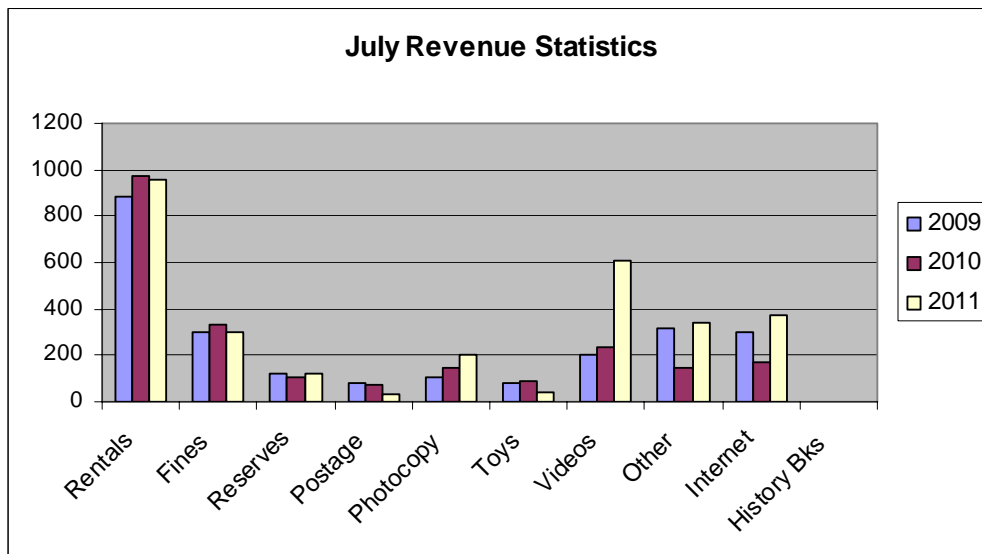
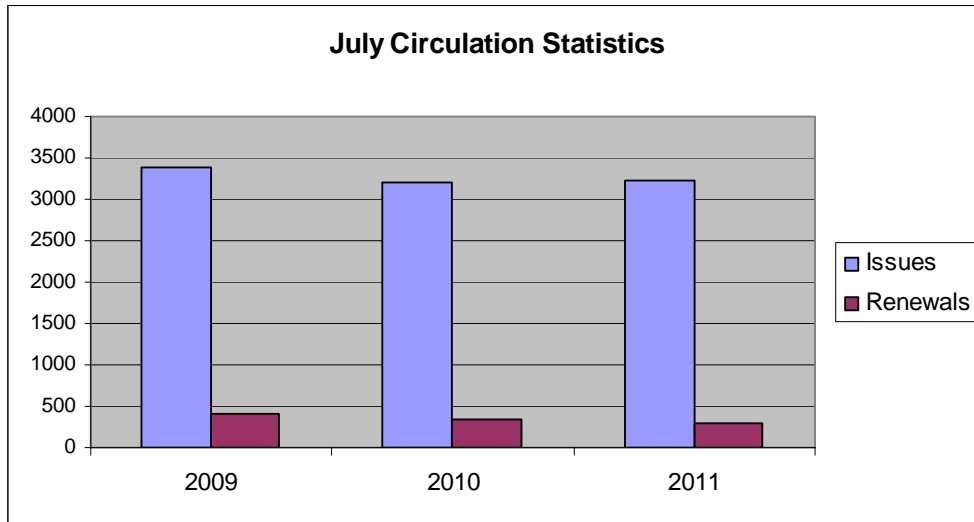
Income Type (Year to Date)



Corporate Services Budget Report



Library Report



◆ 1-31 July 2011 = 3983.
Daily average = 154

Administration

- ◆ The 2011 Electoral Rolls have arrived for public display in the library.
- ◆ The 'Bookstart for Babies' project, a joint co-operative between the Kaikoura District Library, R.E.A.P., Plunket & Marlborough Health Services continues to run successfully with the completion of another set of 20 packs distributed.
- ◆ Fire Alarm inspection carried out on the 21st July 2011.
- ◆ Independent engineer visited the library building regarding the Museum development site taking photos and notes on the 12th July 2011.

Collection Development

- ◆ It has been agreed that we will no longer exchange the TOTS on cassette tapes. Each library will keep the titles they currently have and dispose of or retain as they wish. We'll continue to exchange the TOTS on CD every six months. This collection has been weeded with older items put into stack.
- ◆ Three magazines that no longer get published have been weeded from the collection.
- ◆ One extra shelf has been added to the Red Dot Collection allowing better display of the latest fiction titles.

Class Visit

- ◆ Lynton Downs School enjoyed a visit on 4th July 2011.
- ◆ St Josephs enjoyed a class visit on the 5th July 2011.
- ◆ Students from Canterbury Sports Management College enjoyed a visit on the 22nd July 2011.
- ◆ Little Tamariki Montessori Pre-School enjoyed a visit on the 15th July 2011.
- ◆ Adult Learning Centre enjoyed four visits this month on the 12th, 15th, 22nd, 29th July 2011.

Technology

- ◆ Pete Tripp TLC visit on 21st July 2011, checking network cables & replacing one in the hope that this may improve the running of the Softlink Liberty software.