

FINANCE AND POLICY COMMITTEE MEETING HELD ON WEDNESDAY 21 SEPTEMBER 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 17/08/2011* *page 73*

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	In Progress
	20 JULY 2011		
Finance and Policy	Update the Housing for the Elderly waiting list	Administrati on Officer	An update will be provided with the quarterly reports.

5. *Reports:*

- ◆ *Finance Report* *page 46*
- ◆ *Statement of Financial Position*
- ◆ *Statement of Financial Performance*
- ◆ *Corporate Services Budget Report* *page 61*
- ◆ *Library Report* *page 62*

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 17/08/2011

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 17/08/2011	The exclusion of the public from the whole or the relevant part of the proceedings of the meeting is to protect information where the making available of the information would be	Section 48(1)(a) and 7(2)(b)(ii)

	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 remains in a strong financial position, with total liabilities under \$9 million, compared to total assets of \$169 million.

Statement of Comprehensive Income

August concluded with a deficit of \$74,135; less than had been projected mainly due to ongoing logging sales at the Clarence forest. Grants and subsidy revenues are well up thanks to the Ministry of Social Development funding for family violence coordination. Two term deposits matured during the month, reflecting the boost in interest revenue.

Statement of Activity Performance

The main reasons for activity variances (actual vs budget) in excess of \$20,000 are explained below.

Income Variances:

Activity	Variance	Main Reason
Commercial Activities	Up \$67,242	Logging continuing at Clarence forest.
Regulation & Control	Up \$27,910	Cost recoveries for resource consents and building consents (relating to legal advice and use of other service providers).
District Development	Up \$39,067	Grant funding for family violence, etc

Expenditure Variances:

Activity	Variance	Main Reason
Leadership & Governance	Over \$39,178	Asset manager's time spent on projects yet to be allocated to other cost centres, plus insurance, and costs to migrate to new core operating system.

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. One loan has been refinanced, and substantial payments have been made during the month, reflecting the decrease in cash of \$750k.

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 equipment garage at the tar depot is now built. Backflow preventers have been installed at numerous pump stations, and significant progress was made on the West End sewer renewals during August. The airport hangars are also now substantially complete.

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 6.28:1, meaning we have \$6.28 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 58% 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 AUGUST 2011

	FORECAST (to Year End) \$	ACTUAL 31/08/11 \$	ACTUAL 31/08/10 \$
ASSETS			
<i>Current Assets</i>			
Cash & Cash Equivalents	3,041,134	4,238,031	3,241,876
Trade & Other Receivables	966,360	6,918,847	6,586,446
Prepayments & Inventory	71,111	26,198	10,249
Other Financial Assets	373,796	247,956	261,380
GST Refundable	14,400	-	-
Investment Property for Sale	-	-	1,075,000
Total Current Assets	4,466,801	11,431,032	11,174,951
<i>Non-Current Assets</i>			
Other Financial Assets	694,193	550,991	482,487
Forestry Assets	2,583,334	2,445,109	2,497,436
Investment Property	3,841,000	3,880,000	3,195,000
Property, Plant & Equipment	152,986,460	150,973,379	121,443,861
Total Non-Current Assets	160,104,987	157,849,479	127,618,784
TOTAL ASSETS	164,571,788	169,280,511	138,793,735
LIABILITIES			
<i>Current Liabilities</i>			
Trade & Other Payables	944,405	1,681,476	1,436,028
Employee Liabilities	80,000	95,200	88,273
Borrowings – Current	2,145,831	1,596,000	1,574,000
Total Current Liabilities	3,170,236	3,372,676	3,098,301
<i>Non-Current Liabilities</i>			
Provisions	167,325	149,445	147,248
Borrowings – Non Current	4,859,424	4,629,000	4,815,000
Other Term Debt	481,587	783,115	482,445
Total Non-Current Liabilities	5,508,336	5,561,560	5,444,693
EQUITY			
Public Equity	86,450,002	92,691,309	92,885,561
Asset Revaluation Reserve	68,850,250	63,687,152	34,144,199
Special Funds & Reserves	592,964	3,967,814	3,220,981
Total Equity	155,893,216	160,346,275	130,250,741
TOTAL LIABILITIES & EQUITY	164,571,788	169,280,511	138,793,735

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 AUGUST 2011

	BUDGET 31/08/11 \$	ACTUAL 31/08/11 \$	ACTUAL 31/08/10 \$
REVENUE			
Rates Revenue	789,388	789,426	747,902
Water Meter Charges	-	-	-
User Fees & Charges	286,294	291,342	268,537
Grants & Subsidies	47,079	93,437	48,292
Development Contributions	62,218	44,521	18,436
Interest Revenue	20,245	53,564	9,159
Other Revenue ¹	30,732	98,040	77,216
Total Revenue	1,235,956	1,370,330	1,169,542
EXPENSES			
Personnel	249,286	232,723	225,937
Depreciation	293,059	293,050	258,126
Financing Expenses	78,536	74,550	76,837
Other Expenses	756,718	844,142	644,107
Total Expenses	1,377,599	1,444,465	1,205,007
Net Surplus/(Deficit)	(141,643)	(74,135)	(35,465)
OTHER COMPREHENSIVE INCOME			
Gains on asset revaluation	-	-	-
Financial assets at fair value through equity	-	-	-
Total Other Comprehensive Income	-	-	-
TOTAL COMPREHENSIVE INCOME	(141,643)	(74,135)	(35,465)

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

STATEMENT OF ACTIVITY PERFORMANCE

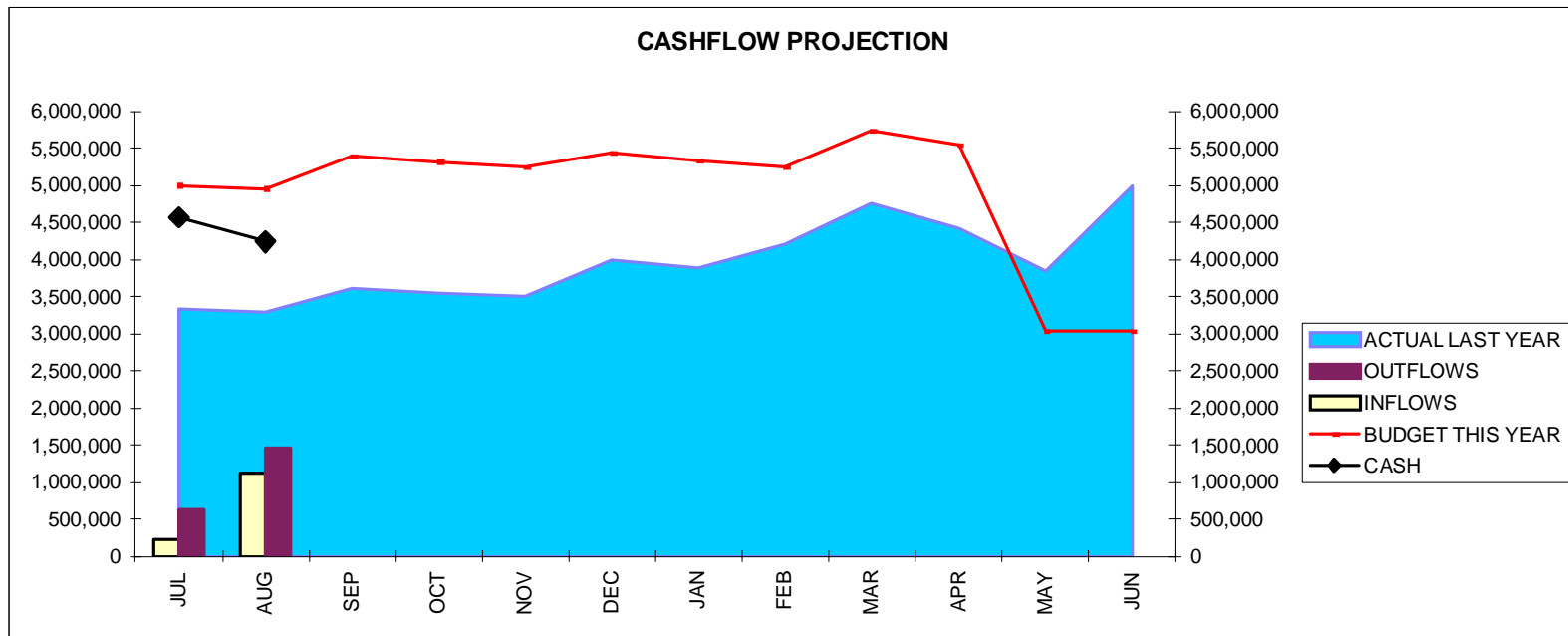
FOR THE PERIOD ENDED 31 AUGUST 2011

	BUDGET 31/08/11 \$	ACTUAL 31/08/11 \$	ACTUAL 31/08/10 \$
REVENUE			
Roading	138,137	131,529	121,915
Water Services	119,730	117,670	94,457
Sewerage & Stormwater	114,166	106,675	97,736
Refuse & Recycling	26,791	32,336	23,316
Community Facilities	142,749	130,885	137,144
Commercial Activities	110,158	177,400	152,620
Leadership & Governance	7,530	6,182	9,856
Regulation & Control	71,187	99,097	76,103
Safety & Wellbeing	87,707	78,369	61,197
District Development	51,212	90,279	65,571
Interest Revenue	20,245	53,564	9,159
General Rates	346,344	346,344	320,468
	1,235,956	1,370,330	1,169,542
EXPENDITURE			
Roading	228,022	212,451	250,809
Water Services	243,997	250,481	156,892
Sewerage & Stormwater	178,283	166,219	105,197
Refuse & Recycling	65,000	63,033	61,961
Community Facilities	202,680	219,862	154,921
Commercial Activities	73,830	86,316	72,123
Leadership & Governance	87,538	126,716	119,723
Regulation & Control	118,890	130,047	116,300
Safety & Wellbeing	70,521	75,491	77,532
District Development	108,838	113,849	89,549
	1,377,599	1,444,465	1,205,007
Activity Surplus/(Deficit)	(141,643)	(74,135)	(35,465)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2011

	ACTUAL 31/08/11 \$	ACTUAL 31/08/10 \$
OPERATING ACTIVITIES		
Receipts from Rates	395,059	352,356
Interest Received	53,564	9,159
Receipts from Other Revenue	694,462	519,134
Payments to Employees & Suppliers	(1,422,912)	(882,968)
Interest Paid	(74,550)	(76,837)
Net Cash from Operating Activities	(354,377)	(80,156)
INVESTING ACTIVITIES		
Proceeds from Sale of Assets	-	-
Sinking Funds Received	49,971	-
Purchase of Property, Plant & Equipment	(324,047)	(147,851)
Purchase of Forestry Assets	-	-
Purchase of Investment Property	-	-
Payments into Sinking Funds	(72,400)	(26,850)
Net Cash from Investing Activities	(346,476)	(174,701)
FINANCING ACTIVITIES		
Proceeds from Borrowing	150,000	-
Proceeds from Cash Advance	-	200,000
Repayment of Borrowings	(200,000)	-
Repayment of Cash Advance	-	-
Net Cash from Finance Activities	(50,000)	200,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(750,853)	(54,857)
CASH AT THE BEGINNING OF THE YEAR	4,988,884	3,296,733
CASH AT THE END OF THE YEAR	4,238,031	3,241,876

CASH FLOW PROJECTION FOR THE YEAR TO 30 JUNE 2012

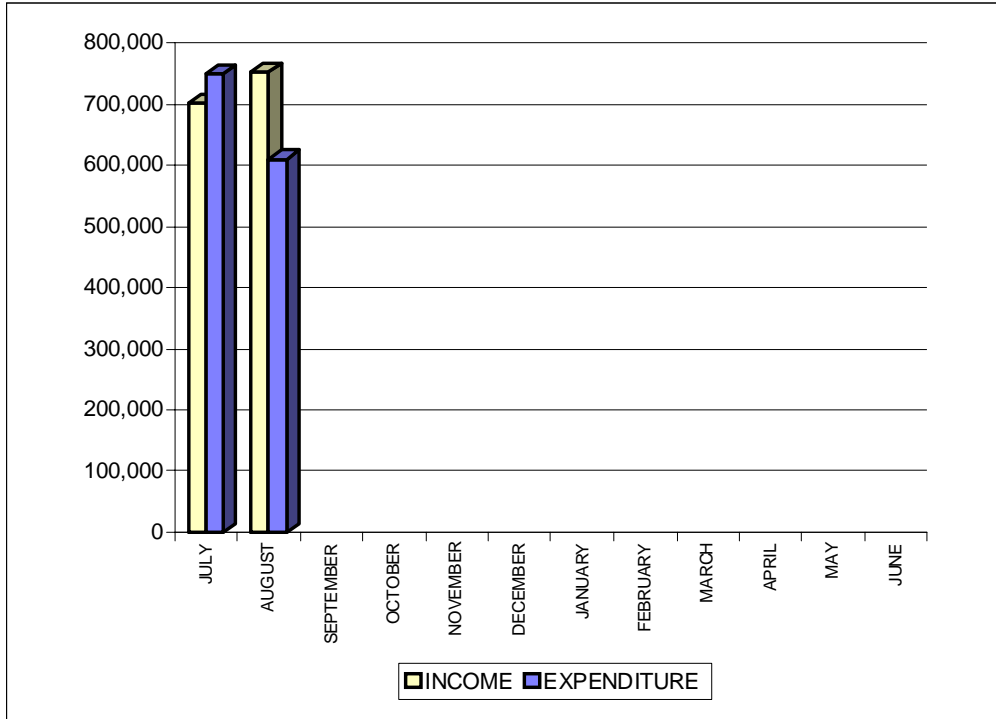


CAPITAL EXPENDITURE
FOR THE PERIOD ENDED 31 AUGUST 2011

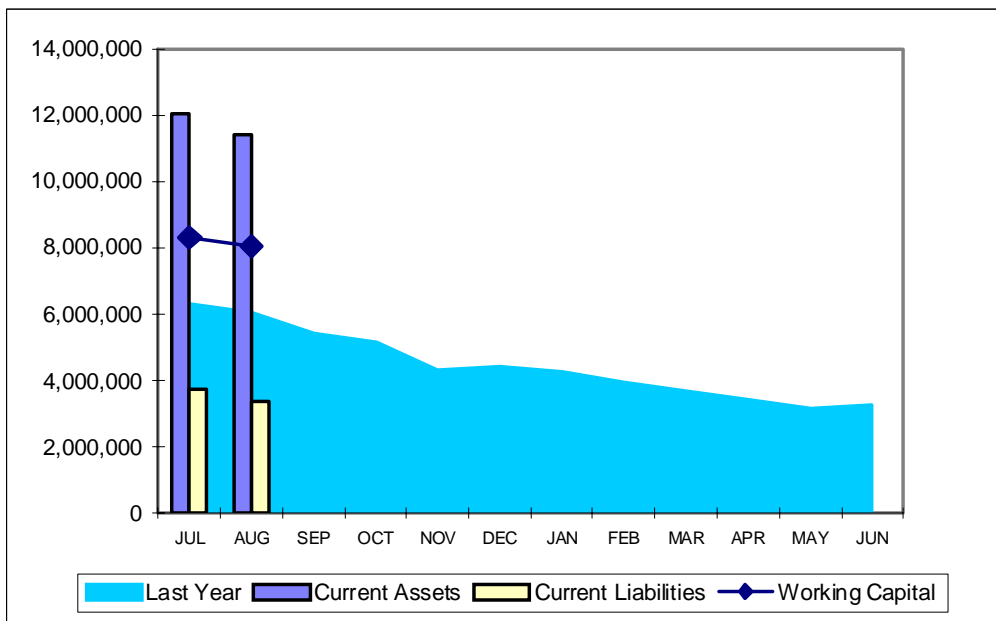
	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	BUDGET BT FWD \$
Office Furniture & Equipment	-	10,244	-
Vehicle Purchases & Other Plant	-	23,471	-
Emergency Storage Shed (Rural Fire)	73,255	-	35,000
Sealed Road Renewals	-	264,000	-
Unsealed Road Renewals	2,826	60,000	-
Kerb & Channel Renewals	-	50,000	-
Road 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	18,167	-	-
Sewerage Backflow Preventers	11,936	-	-
Sewerage Pipe Renewals	84,902	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	1,647	23,349	-
Oaro Water Treatment Upgrade	-	25,000	-
Forestry Pruning & Thinning	-	4,000	-
Airport Hangars	123,197	-	150,000
Parks & Reserves Improvements	1,352	19,820	-
Playground Equipment	-	8,000	-
Council Office Renewals	-	20,291	-
New Museum	4,350	-	2,365,000
Library Books & Non-Books	2,070	32,147	-
TOTAL CAPITAL EXPENDITURE	324,047	2,342,707	3,026,000

INCOME AND EXPENDITURE

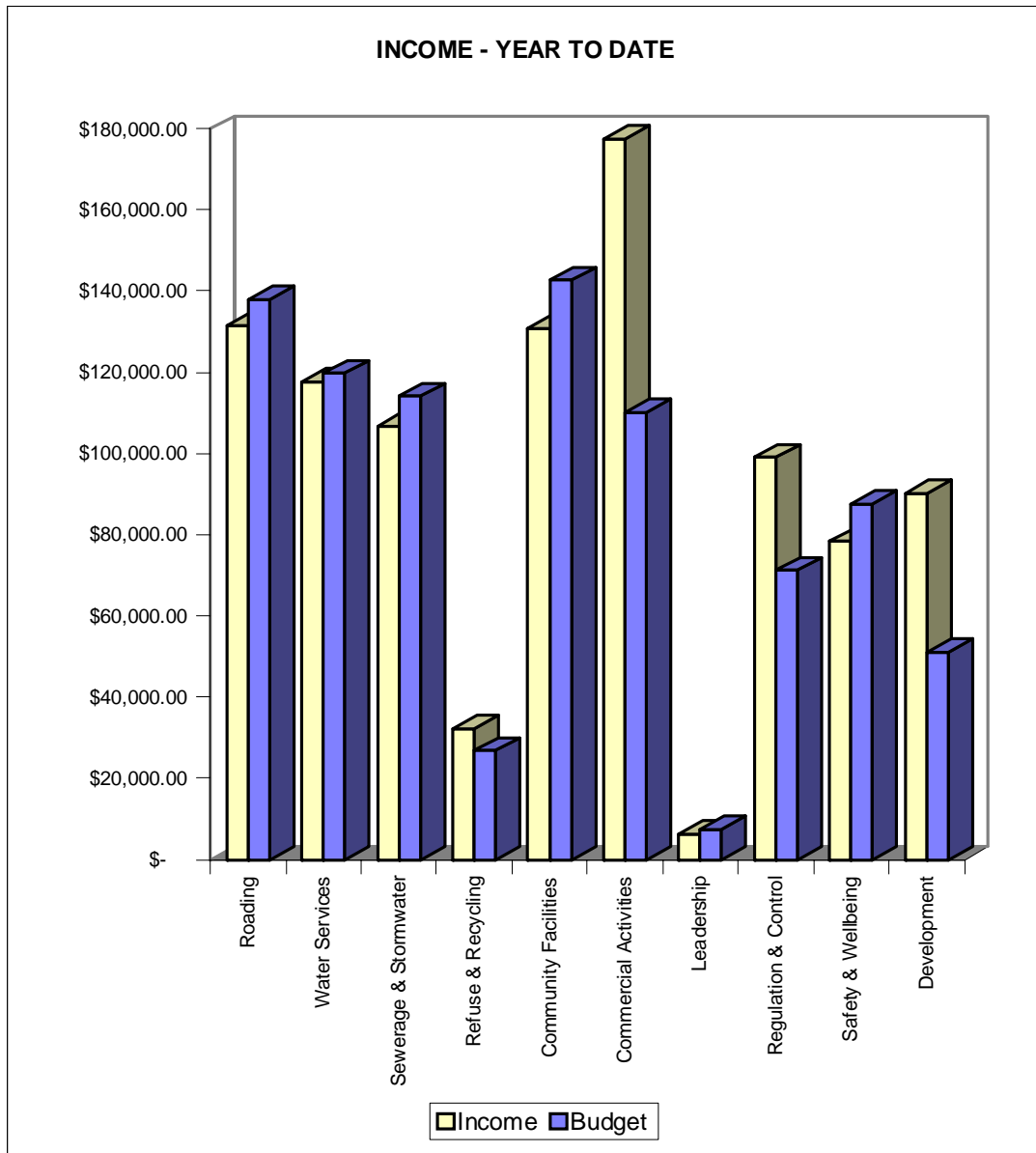
TO 31 AUGUST 2011



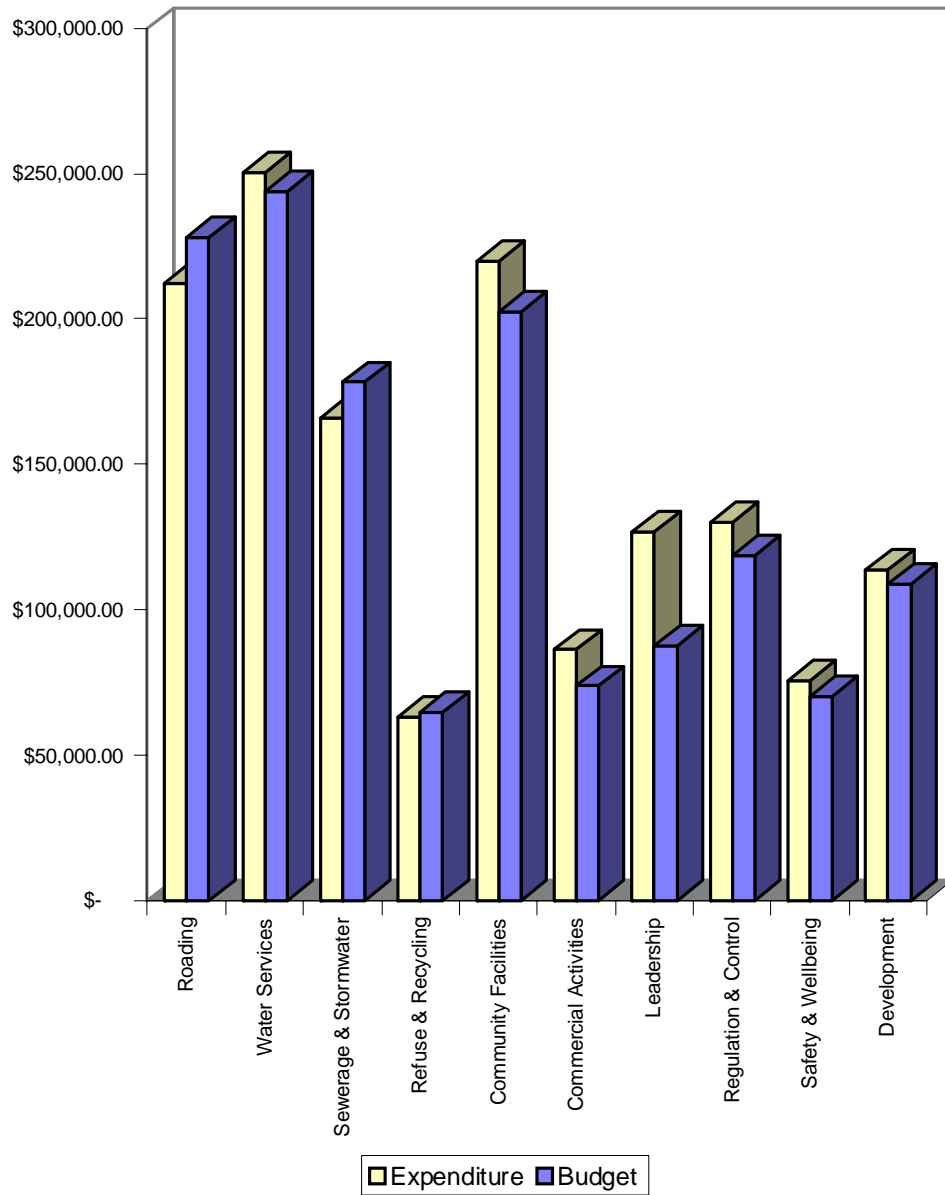
WORKING CAPITAL TO 31 AUGUST 2011



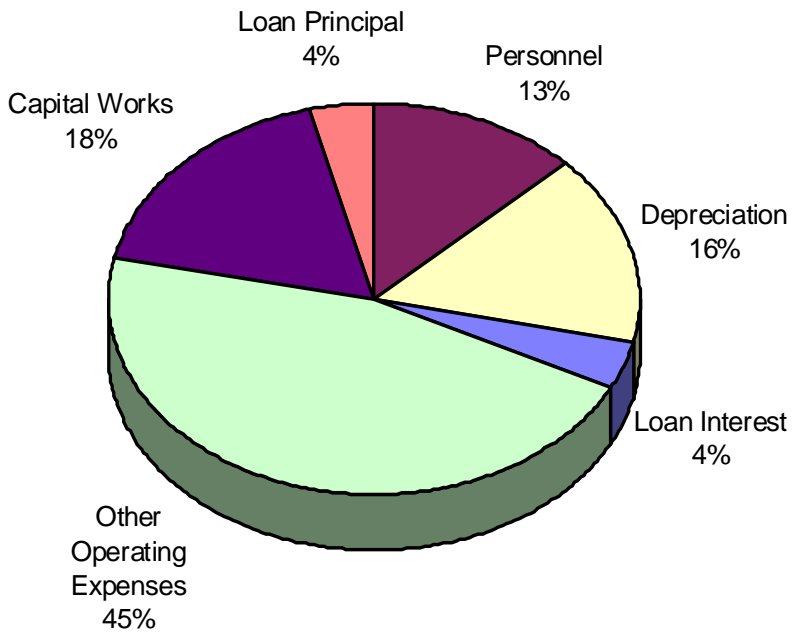
BUDGET PERFORMANCE TO 31 AUGUST 2011



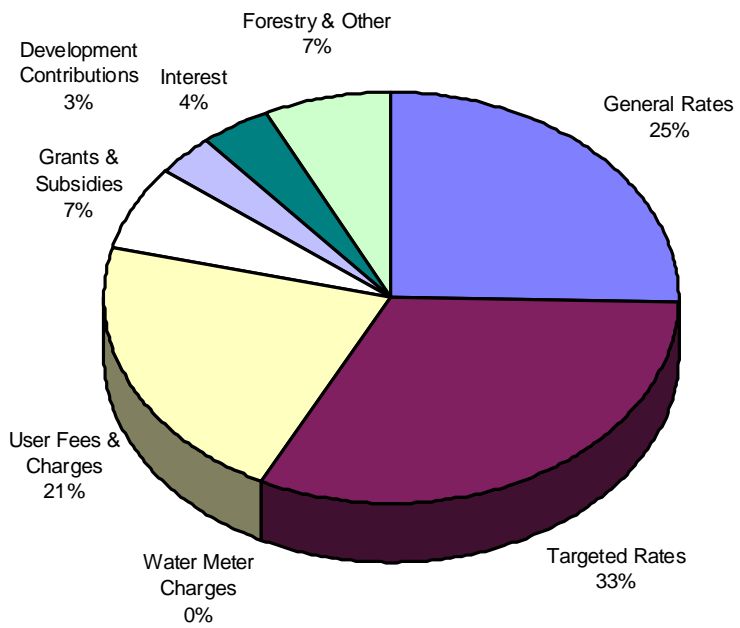
EXPENDITURE - YEAR TO DATE



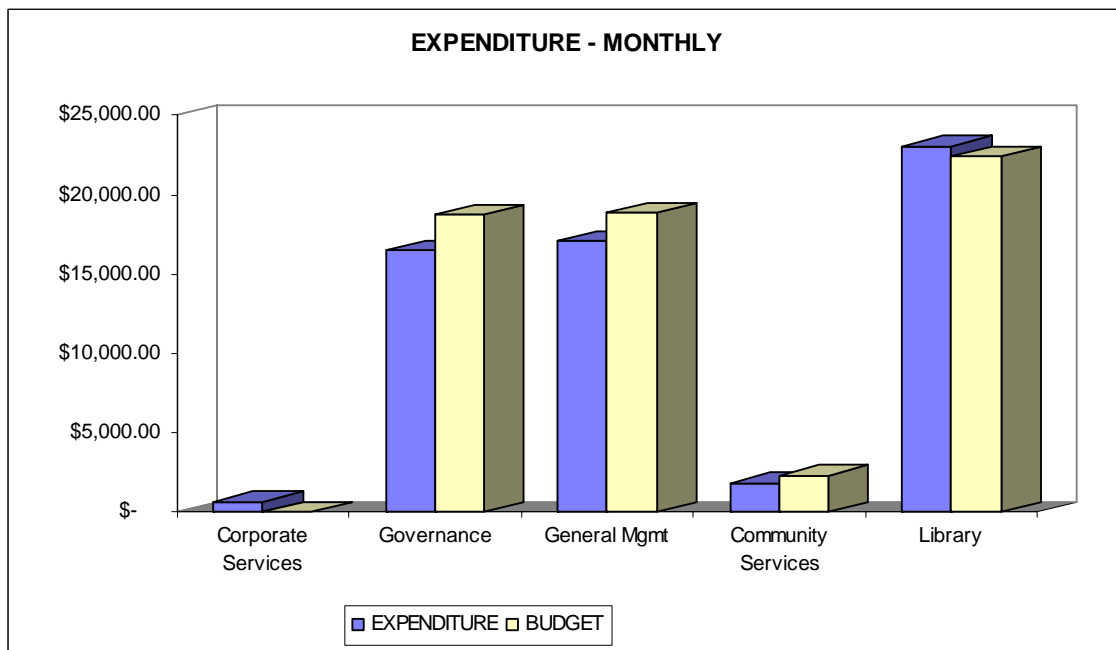
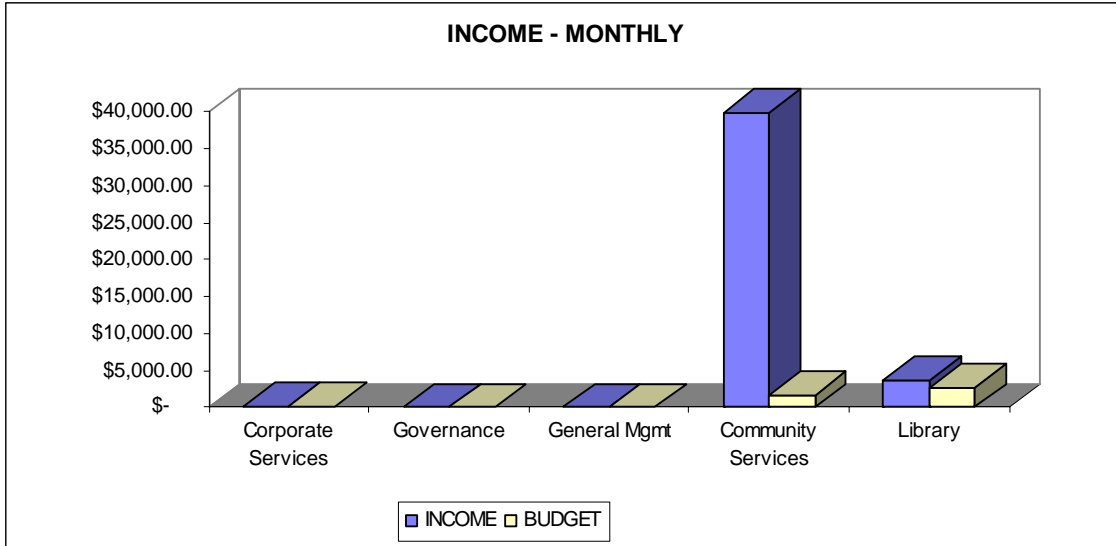
Expenditure Type (Year to Date)



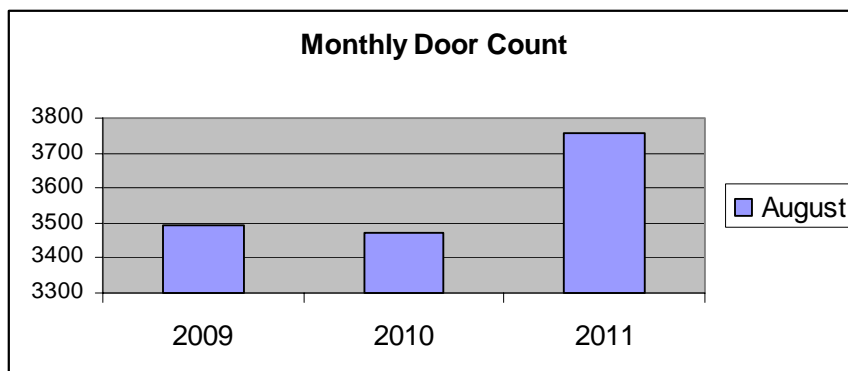
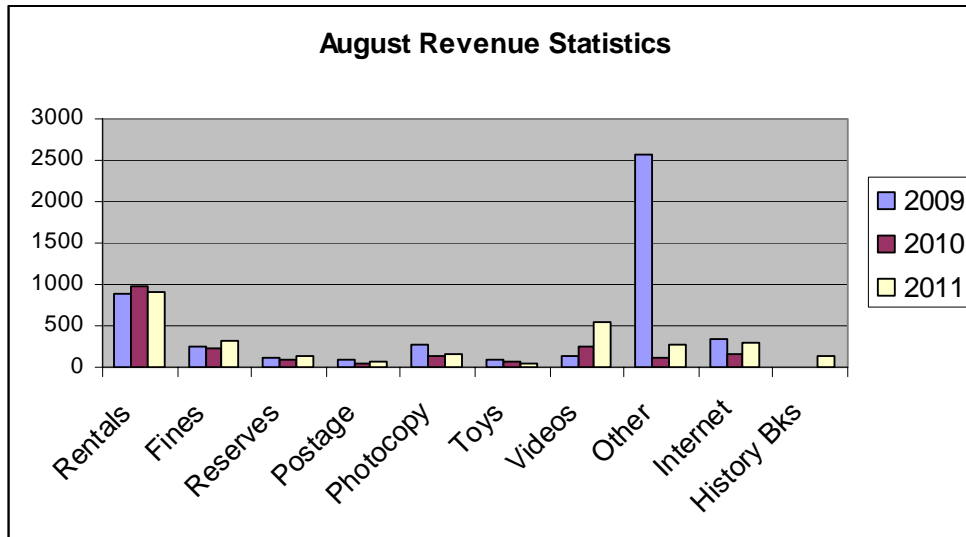
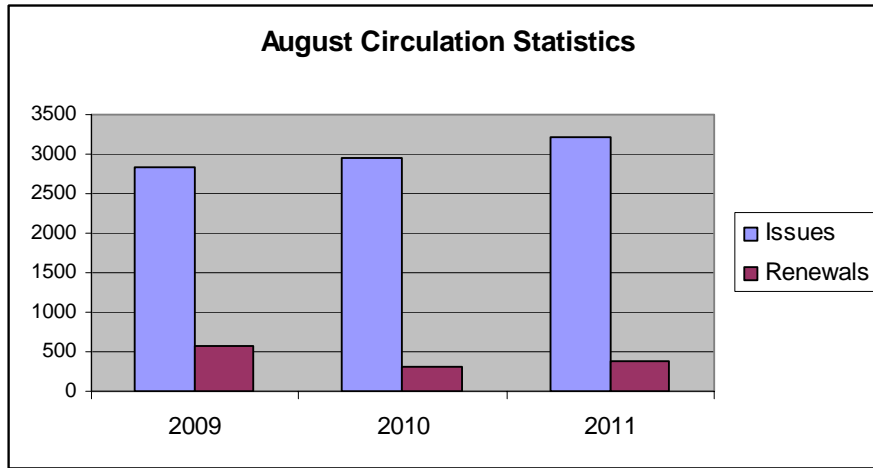
Income Type (Year to Date)



Corporate Services Budget Report



LIBRARY REPORT



1-31 August 2011 = 3758.

Daily average = 140

Administration

◆ 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.

Class Visit

- ◆ Hapuku School enjoyed a visit on 24th August 2011.
- ◆ Lynton Downs School enjoyed a visit on the 19th August 2011.
- ◆ Wood Bank School enjoyed a visit on the 19th August 2011.
- ◆ Little Tamariki Montessori Pre-School enjoyed two visits this month on the 5th & 26th August 2011.
- ◆ Adult Learning Centre enjoyed two visits this month on the 8th & 19th August 2011.

Technology

- ◆ No TLC visit this month.