

**FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT 1.00PM
TUESDAY 27 AUGUST 2019 AT THE COUNCIL CHAMBERS,
LEVEL 1, 96 WEST END, KAIKOURA**

AGENDA

1. Apologies
2. Declarations of Interest
3. Matters of Importance to be raised as Urgent Business
4. Confirmation of Minutes 30 July 2019 page 2
5. Minutes Action List page 5
6. Urgent Business -
7. Finance Report – to 31 July 2019 page 6
8. Finance Statements page 11
9. Activity Opex and Capex page 24
10. Capital Report page 26
11. Variance Report page 27
12. Special Funds and Reserves page 29
13. Risk Register presented by Finance Manager -
14. Cash-flow model presented by Management Accountant -

MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT 9:00AM ON TUESDAY 30 JULY 2019 IN THE COUNCIL CHAMBERS, LEVEL 2, 96 WEST END, KAIKOURA

PRESENT: Councillor J Howden (Chair), Mayor W Gray, Councillor N Pablecheque, C Wilson

IN ATTENDANCE: S Poulsen (Finance Manager), J DuFour, P Jones, M Madden (Minutes)

APOLOGIES: A Oosthuizen

Moved by Councillor Howden, seconded by Mayor W Gray and resolved that apologies be accepted.

UNANIMOUS

DECLARATIONS OF INTEREST:

Nil

3 MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS

3.1 New Meeting Time

Ms S Poulsen requested a time change due to a clash with the weekly leadership meeting. Committee members resolved to move the meeting time to 2.00pm from Tuesday 27 August 2019. Members will be sent new meeting requests by M Madden.

4 CONFIRMATION OF MINUTES

Moved Councillor Pablecheque, Seconded Mayor Gray

THAT the Finance Audit and Risk Committee

(a) Confirms as a true and correct record, the circulated minutes of a meeting of the Finance Audit and Risk Committee held on 26 June 2019

UNANIMOUS

5 MINUTES ACTION LIST

The FAR committee reviewed the action items from 26 June 2019 and requested the following additional information:

Action item 4: Mr P Jones has written to Chantelle from Audit NZ requesting an explanation of the unexpected qualifications. Wakatu Quay was included but written off.

The FAR resolved that their disappointment at the matter being raised last minute and lack of clear explanation of the Audit to be raised by P Jones with the Office of the Auditor General.

7 LGFA REPORT

Mr P Jones presented the LGFA report via videoconference.

The report was taken as read. Committee members considered that the savings. Committee members discussed the risk exposure and savings to Council based on capped borrowings of \$15million.

Savings based on 0.1% would be \$15,000 and were not significant. For every \$1million, the saving is \$1000. If the largest Council - Auckland City were to default, the process triggers a call on LGFA shareholders, call up on notes, then require the LGFA to use up all reserves before a call is made on Councils. Current Auckland City debt is \$2billion, the call amount would be \$2million to repay the debt. LGFA has uncalled capital of \$30million.

Savings are insignificant. Committee members agreed that becoming a non-guaranteeing member was a preferred option for Council. Mr Wilson added that from a financial perspective there is no risk, but given the amount of risk it would be difficult to explain taking on risk liability for very little return to the public and public perception. Mr Jones confirmed that the application process is no different to that of joining as a guaranteeing member.

If the recommendation is to become a non-guaranteeing member, Mr Jones will move forward with application once Council agrees with Committee. Council will then provide formal notice to the LGFA to join and this will be considered at the next meeting due 21 August 2019. Once approved Mr Jones will go through documentation and sign off a debenture trust deed which will be due to completion by mid-September and incoming Council in October 2019.

Moved by Councillor Hoswden Seconded by C Wilson

THAT the Finance Audit and Risk Committee:

- (a) Receives the LGFA report
- (b) Recommends to Council to join the LGFA as a non-guarantor

UNANIMOUS

8 FINANCE REPORT

Ms S Poulsen and Mr J DuFour presented the report.

Statement of financial position

A cashflow loan of \$875,000 was taken out to meet the 20th of the month payments.

Grants and subsidies

Rebuild spend requires close management with the bulk spend to occur in this financial year. C Wilson noted that managing cash flow risk requires careful attention to every transaction including:

1. Payment to the right supplier;
2. Payment of the correct amount and coding;
3. Coping with the payments and frequency.

The Finance Manager confirmed that the first rebuild claim had been approved and signed off, however, due to a change in Parliament, there will now be a delay in payment of up to two-months that will cause cash flow issues.

Mr Wilson strongly recommends that Council seek bridging finance from the rebuild funding agencies to cover the two-month delay and that the CE should request this from the Rebuild Steering Group. Secondly, that all financial matters related to the rebuild cash flow be advised to the Finance Manager immediately and that they work closely together on managing rebuild cash flow.

Councillor Howden requested that the Finance Manager is present to provide input at Council Finance Committee on whether there is money available to cover the over spend and whether this was available from material damage (MD) insurance?

Ms Poulsen reviewed the MD settlement and untagged funds. She will email this to Councillor Howden.

Councillor Pablecheque advised that a notification had been received from MBIE that funding approval of \$262,000 will be approved. On that basis, more discussion is required around projects that could now be fully funded and where funds will sit awaiting use. C Wilson suggested a reserve fund and Councillor Howden acknowledged and agreed that it would show transparency.

Moved Councillor Pablecheque Seconded Mayor Gray

THAT the Finance Audit and Risk Committee:

(a) Received the Finance report for information.

UNANIMOUS

There being no further business the meeting closed at 10:03am.

FINANCE AUDIT AND RISK MINUTES ACTION LIST – 30 JULY 2019

	ACTION ITEM	ASSIGNED TO	COMPLETED BY	STATUS
1	Reconcile cash in bank to special reserves	Finance Manager	Aug 19 FAR	Finance manager is making good progress.
2	Council consider a separate committee for Strategy, Policy and Planning and Building and Regulatory	Chair of FAR	Ongoing till new incoming Council	To be considered after Council elections. Councillor Pablecheque is the appointee in the interim.
3	FAR requested a record of all loans pre earthquake and what has been paid off.	Mayor W Gray /CEO	Aug 19 FAR	Finance manager will present with special funds in August.
4	Arrange a workshop with the full Council and FAR post the audit opinion.	Finance and Commercial Manager	June FAR	FAR requests that P Jones express the committees' disappointment to the OAG. Follow up on explanation on unexpected qualifications with Audit NZ.
5	A report to be tabled by the CE for - IWK loan of \$500,000 for landfill project 2020.	Chair of FAR /CEO	July FAR	Finance Manager to follow up with CE. Require clarification on when the loan will be taken on and if now, has full year interested been budgeted.

Report to:	Finance Audit & Risk
Date:	27 August 2019
Subject:	Finance Report to 31 July 2019
Prepared by:	Sheryl Poulsen, Finance Manager
Input sought from:	Natalie Telford, Assistant Accountant Jerome DuFour, PWC
Authorised by:	Angela Oosthuizen, Chief Executive

1 SUMMARY

The purpose of this report is to provide the Finance Audit and Risk with an update on the financial position of the Council as at 31 July 2019.

2. RECOMMENDATION

THAT the Finance, Audit & Risk Committee receives this report.

3. DISCUSSION

July is the first month of the 2019/2020 financial year. The Annual Plan budgets have been loaded into the system for reporting, but further work is required to forecast the timing of various revenues and expenses throughout the year, to make the actual versus budget more meaningful.

Statement of Financial Position

As we enter the intense rebuild phase, our cash has dropped substantially, and we forecast to be borrowing from now on. We enter this phase with borrowings at \$1.57 million at the end of July. Cash on hand at 31 July is \$675k. During August, a claim has been made to the Crown of over \$1.3 million; we expect payment of this in September. Future claims should be more streamlined with payments expected monthly.

Working Capital & Liquidity

Working capital (current assets over current liabilities) is negative, with \$1.67 million in current assets and \$2.67 million in current liabilities.

Liquidity is also negative, at 0.58:1, meaning there is \$0.58 in cash for every \$1 in amounts due to be paid.

The first rates instalment has been invoiced in August, with the payment due date of 20 September, and this, combined with the earthquake funding claim, has improved both working capital and liquidity. A loan of \$2.8 million was drawn on 20 August to cover payments to suppliers.

Statement of Comprehensive Revenue & Expense

At the end of July 2019, there was a net deficit of \$705k, again this has improved during August with the invoicing of the rates instalment and the claim to the Crown.

Rates Revenue

The rates revenue of \$61k is almost entirely rates penalties applied to overdue rates at the end of June 2019.

Water meter charges

Water meters have been read at the end of June and invoiced during July, but the \$69k reported here needs to be accrued back into the 2019 financial year, as the readings are as at 30 June.

User fees & charges

Lease revenues, slipway and boat parking annual fees, and cruise ship fees have been invoiced out for the year – the budget has been loaded as 1/12th so this will be corrected for the next report to make the variances more meaningful.

Building consent fees start the year already well up on budget (\$48k worth of building consents against a forecast budget of \$16k for the month). August is already particularly strong as well, with \$30k worth of building consent fees as at the date of writing this report.

Grants & subsidies

The OpShop has fundraised for the Memorial Hall, with \$40,000 raised from the community. No claims were made for other grants and subsidies during July – the budgets have been loaded as 1/12th so this will be revised for next month.

Interest & other revenue

Other revenue includes petrol tax, waste minimisation levy and infringement fees.

Personnel expenses

Employee costs are \$21k less than forecast, largely due to the recruitment of various new positions still in progress.

Financing expenses

Loan interest costs are lower than budgeted due to the early repayment of debt, as discussed above. Budgets have been loaded as 1/12th at this stage and will be forecasted out for the year.

Other expenses

This report shows that “Other Expenses” are underspent by \$245k. The Variance Analysis pages in this report highlight several areas of underspend – mainly Finance & IT, Earthquake, and Community Facilities.

The main reasons for the variances are end of year accruals and prepayments yet to be processed, such as insurance. These adjustments are being made as we prepare the Annual Report, so will be corrected for next month’s report.

The above figures may differ from the variances in the Variance Analysis pages due to those pages including all expense types (personnel, depreciation and financing expenses), whereas the above commentary is referring to “other expenses” only, as per Statement of Comprehensive Revenue & Expense.

Revenue and Expenditure Variances

In summary, revenue is under budget by \$1.44m with several forecasting adjustments required to the timing throughout the year. Similarly, expenses are currently reporting as under budget by \$285k with end of year financial adjustments and budget timing to be reviewed. Further information is provided in the Variance Analysis in Appendix 1.

Statement of Cash Flows

The total cash position has decreased to \$675k in July. Cash flow from operations is positive, which shows that our day to day operations are viable. The decrease in cash is the result of the intense rebuild phase, with over \$3 million in capital work paid out during July. During July we did raise a loan of \$800k to meet the payments on the 20th, but that was repaid almost immediately with the receipt of some significant debtors (NZTA etc).

Budget Performance (Revenue YTD and Expenditure YTD by Activity)

These are graphic representations of the Statement of Activity Performance and you can see at a glance how activities are performing against budget and in comparison with each other. This month this report is almost meaningless because the budgeted revenue for the earthquake event dwarfs all other revenues, and needs to be reforecast to match expected timing of the claims.

Revenue & Expenditure Types YTD – by Category

Over 56% of our revenue is sourced from fees and charges – this will change significantly in next month’s report because of the rates instalment and earthquake funding claims. In July there was almost zero from rates and grants.

Capital work is more than half of our expenditure and is likely to continue at this level with the rebuild now kicking into full swing.

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.
Non-current assets held for sale	Investment property that the council intends to sell within 12 months
Intangible assets	Carbon credits and computer software (Ozone)
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.
Other liabilities – current	Development contributions held for the civic centre.
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	Environment Canterbury's share of Marlborough Regional Forestry debts, held on behalf.
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)

4. Financial implications and risks:

Monthly monitoring and reporting on the Council financials is required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; revenue flows are lower than budgeted and expenditure is higher than projected.

5. Community outcomes supported:

The work is in support of all community outcomes.



We value, protect and enhance Kaikōura’s unique natural environment and biodiversity and sustainably manage disposal of waste.



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.



Our community participates in decisions and planning in a way that benefits our future.



Residents and visitors enjoy an improved quality of life in our District.

6. SIGNIFICANCE OF DECISION:

This decision is not considered significant in terms of Council’s Significance and Engagement Policy.

7. RELEVANT LEGISLATION:

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

KEY INDICATORS

AS AT 31 JULY 2019

FINANCIAL STATEMENT MEASURES

OPERATING RESULT

operating surplus/(deficit)

-\$0.70m

\$1,158k unfavourable v/s year-to-date budget of \$453k

OPERATING COSTS

costs to deliver existing levels of service

\$1.15m

\$285k favourable v/s year-to-date budget of \$1.44m

TOTAL EXTERNAL BORROWING

total borrowings from bank

\$1.57m

\$7,887k favourable v/s full year budget of \$9.5m

INTEREST ON DEBT

cost to service debt

\$8k

\$19k favourable v/s year-to-date budget of \$27k

CAPITAL EXPENDITURE

cost of new &/or replacement of assets

\$1.23m

\$24.1m favourable v/s year-to-date budget of \$25.4m

DEVELOPMENT CONTRIBUTIONS

received for district growth

\$2.6k

\$3.5k unfavourable v/s year to date budget of \$6k

LONG TERM PLAN MEASURES

DEBT AFFORDABILITY BENCHMARK

financing expenses as a % of rates

12.4%

2.4% unfavourable v/s council approved limit of 10.0%

EBID

earnings before interest and depreciation

\$0.52m

\$1,177k unfavourable v/s year-to-date budget of \$0.66m

BALANCED BUDGET BENCHMARK

revenue equal or greater than expenses

39%

61% unfavourable v/s council benchmark of 100%

BORROWINGS TO EQUITY

Term loans as a % of equity

0.96%

4.13% favourable v/s full year budget of 5.09%

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2019

	BUDGET to year end \$	ACTUAL 31/07/2019 \$	ACTUAL 31/07/2018 \$
ASSETS			
<i>Current assets</i>			
Cash & cash equivalents	500,000	675,705	3,929,774
Trade & other receivables	3,956,000	871,664	441,557
Prepayments & inventory	98,000	119,677	1,790
Total current assets	4,554,000	1,667,046	4,373,121
<i>Non-current assets</i>			
Intangible assets	-	138,819	183,905
Forestry assets	2,583,000	2,279,178	2,279,178
Investment property	2,513,000	1,465,000	1,465,000
Property, plant & equipment	187,767,000	162,465,215	157,944,389
Total non-current assets	192,863,000	166,348,212	161,872,473
TOTAL ASSETS	197,417,000	168,015,258	166,245,594
LIABILITIES			
<i>Current liabilities</i>			
Trade & other payables	1,658,000	1,980,621	768,509
Employee liabilities	180,000	267,703	263,520
Borrowings – current	658,000	419,622	1,166,862
Total current liabilities	2,496,000	2,667,946	2,198,891
<i>Non-current liabilities</i>			
Provisions	-	471,549	471,549

Borrowings – non current	8,736,000	1,148,182	2,089,555
Other term debt	565,000	353,730	353,730
<i>Total non-current liabilities</i>	9,301,000	1,973,460	2,914,833
EQUITY			
Public equity	121,488,000	93,809,631	91,567,649
Asset revaluation reserve	62,234,000	65,120,549	65,120,549
Special funds & reserves	1,898,000	4,443,671	4,443,671
<i>Total equity</i>	185,620,000	163,373,852	161,131,870
TOTAL LIABILITIES & EQUITY	197,417,000	168,015,258	166,245,594

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE PERIOD ENDED 31 JULY 2019

	BUDGET 2019 \$	ACTUAL YTD 31/07/2019 \$	BUDGET YTD 31/07/2019 \$	VARIANCE 31/07/2019 \$
REVENUE				
Rates revenue	7,668,000	61,362	3,188	58,174
Water meter charges	130,000	69,201	-	69,201
User fees & charges	1,551,000	254,821	178,324	76,497
Grants & subsidies	21,870,000	49,602	1,695,250	(1,645,648)
Development contributions	81,000	2,611	6,118	(3,507)
Interest revenue	19,000	116	-	116
Other revenue ¹	787,000	9,601	7,439	2,162
Total revenue	32,106,000	447,314	1,890,319	(1,443,005)
EXPENSES				
Personnel	3,593,000	306,141	327,201	(21,060)
Depreciation	2,173,000	181,048	181,050	(2)
Financing expenses	316,000	7,627	26,786	(19,159)
Other expenses	10,350,000	657,105	902,074	(244,969)
Total expenses	16,432,000	1,151,921	1,437,111	(285,190)
Operating surplus/(deficit)	15,674,000	(704,607)	453,208	(1,157,815)
OTHER COMPREHENSIVE REVENUE				

¹ Other Revenue includes Marlborough Regional Forestry joint venture revenue, penalties on overdue leases, and petrol tax.

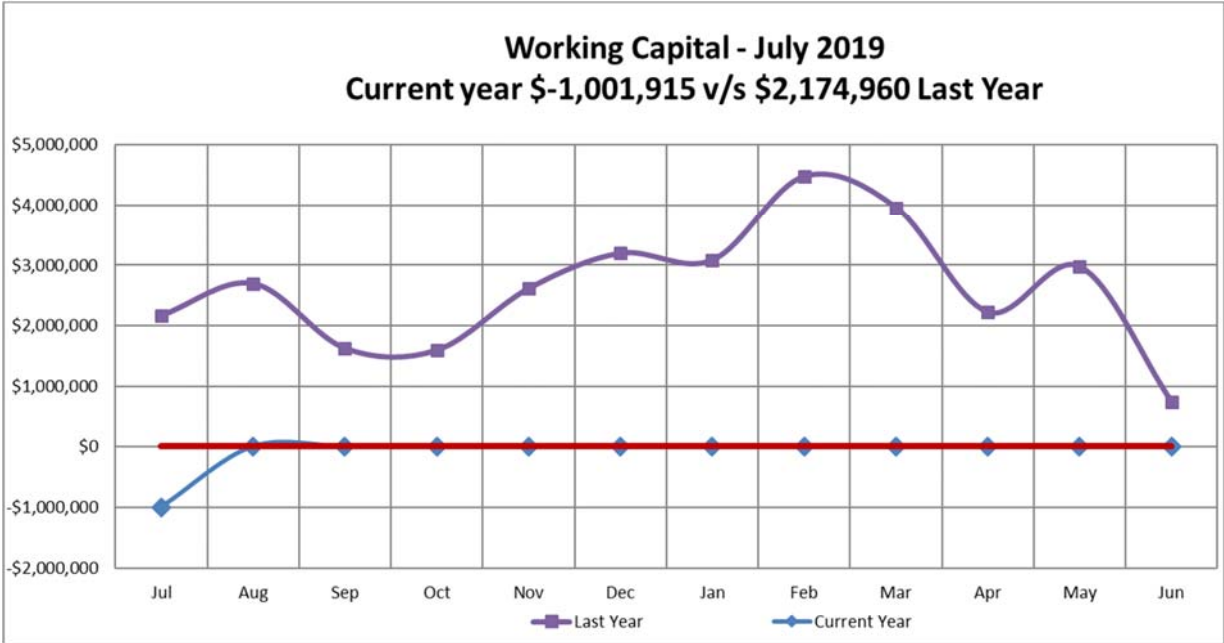
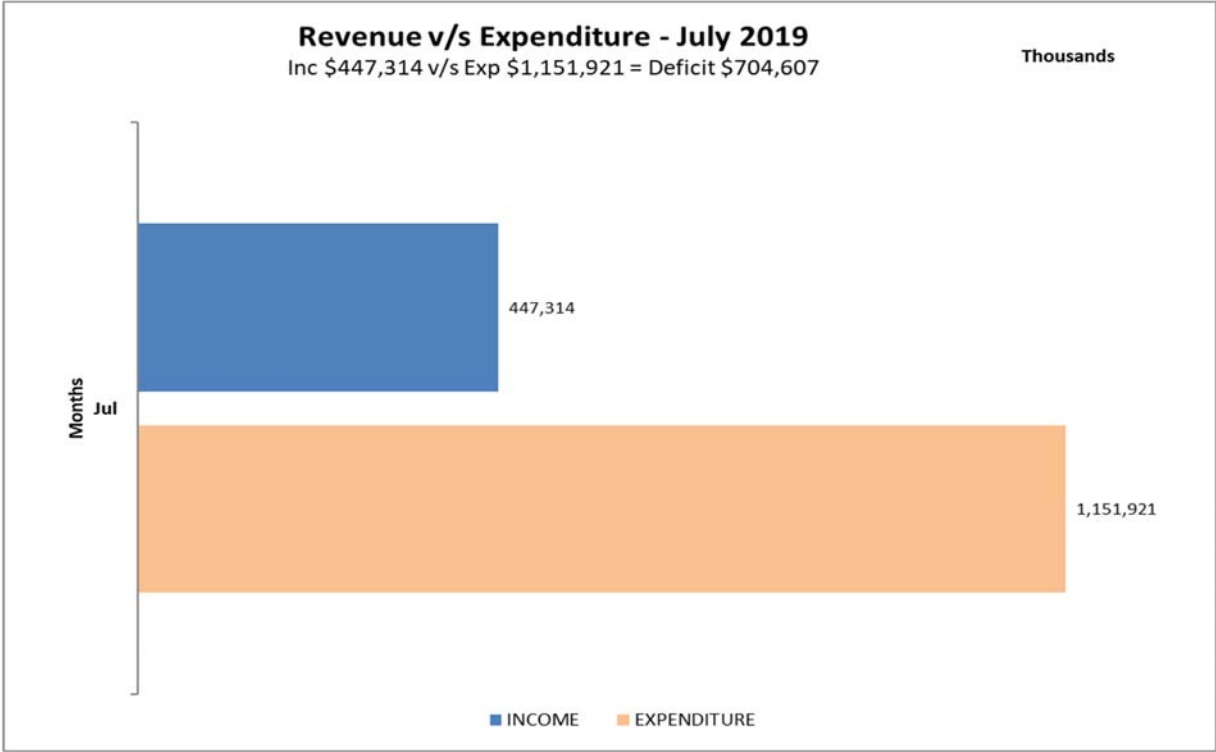
Gains/(losses) on revaluation	-	-	-	-
Vested assets	-	-	-	-
ECAN share of MRF profit/loss	-	-	-	-
<i>Total other comprehensive revenue</i>	-	-	-	-
TOTAL COMPREHENSIVE REVENUE	15,674,000	(704,607)	453,208	(1,157,815)

STATEMENT OF CASH FLOWS

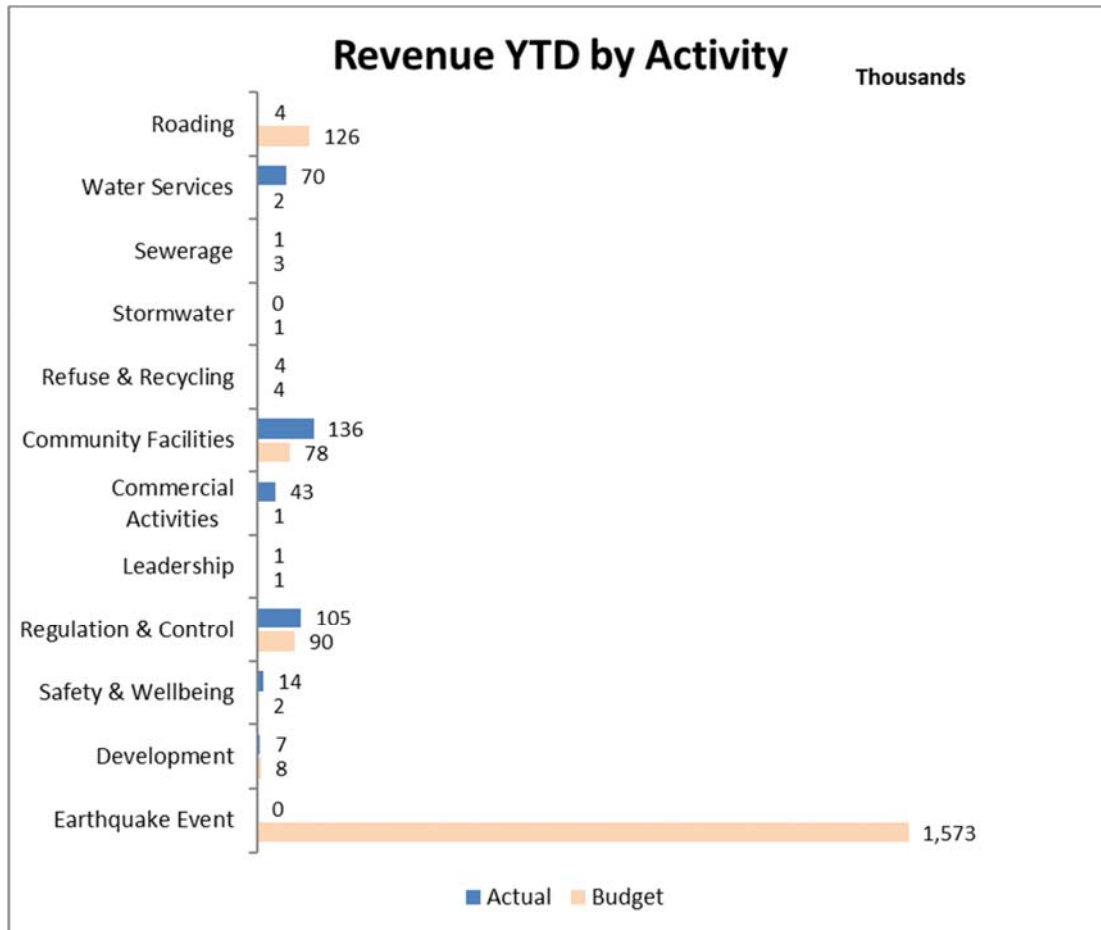
FOR THE PERIOD ENDED 31 JULY 2019

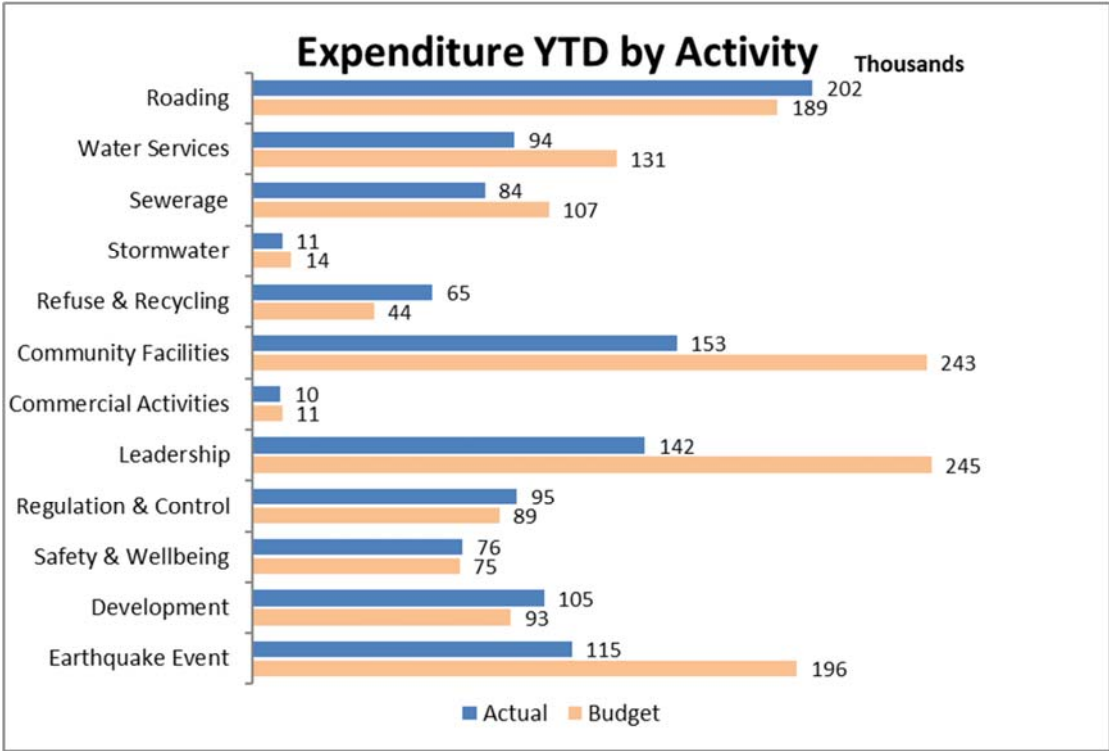
	BUDGET to year end \$	ACTUAL 31/07/2019 \$
OPERATING ACTIVITIES		
Receipts from rates	7,667,969	193,988
Interest received	19,379	116
Receipts from other revenue	23,141,878	1,125,168
Payments to employees & suppliers	(14,152,516)	406,614
Interest paid	(316,335)	(7,627)
Goods & services tax (net)	-	76,266
Net Cash from Operating Activities	16,360,375	1,794,525
INVESTING ACTIVITIES		
Grants received for capital work		40,000
Purchase of investment property	(337,500)	-
Sale of forestry	-	-
Purchase of property, plant & equipment	(25,061,231)	(3,087,714)
Purchase of forestry assets	-	-
Purchase of intangible assets	-	-
Payment into term deposits	-	-
Net Cash from Investing Activities	(25,398,731)	(3,047,714)
FINANCING ACTIVITIES		
Proceeds from borrowing	5,402,175	-

Repayment of borrowings	(305,403)	(11,806)
Net Cash from Finance Activities	5,096,772	(11,806)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(3,941,584)	(1,264,994)
OPENING CASH	4,501,946	1,940,699
CLOSING CASH BALANCE	560,362	675,705

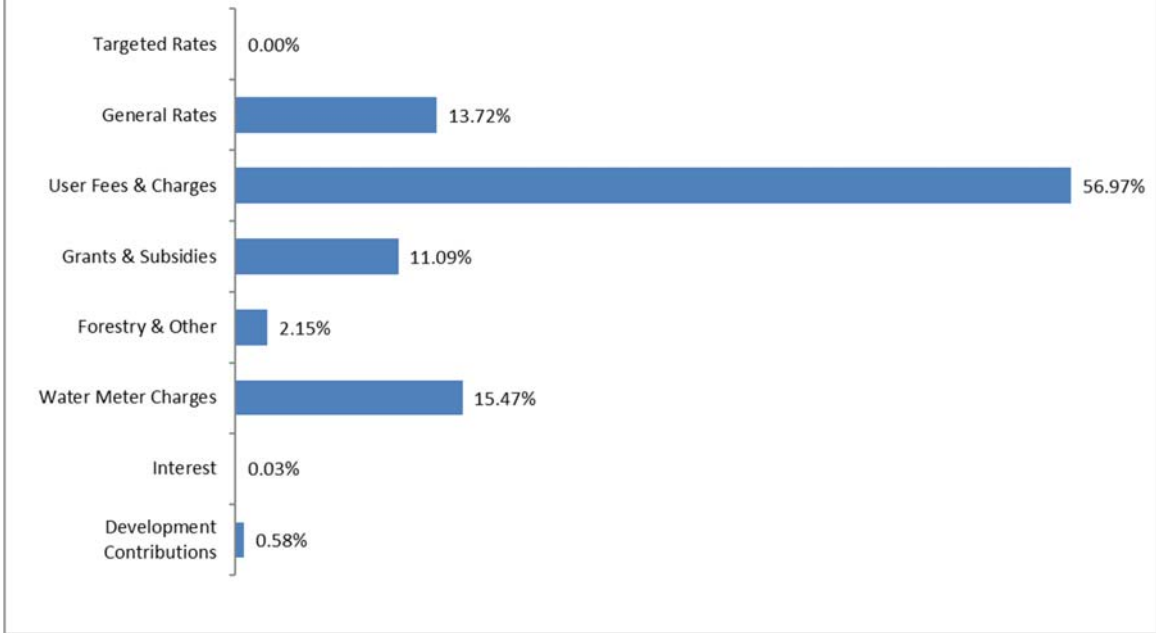


Working capital is calculated by subtracting current liabilities from current assets, and is an indicator of our ability to pay our commitments to suppliers when payments fall due. Please refer to the Finance Report narrative for more information.

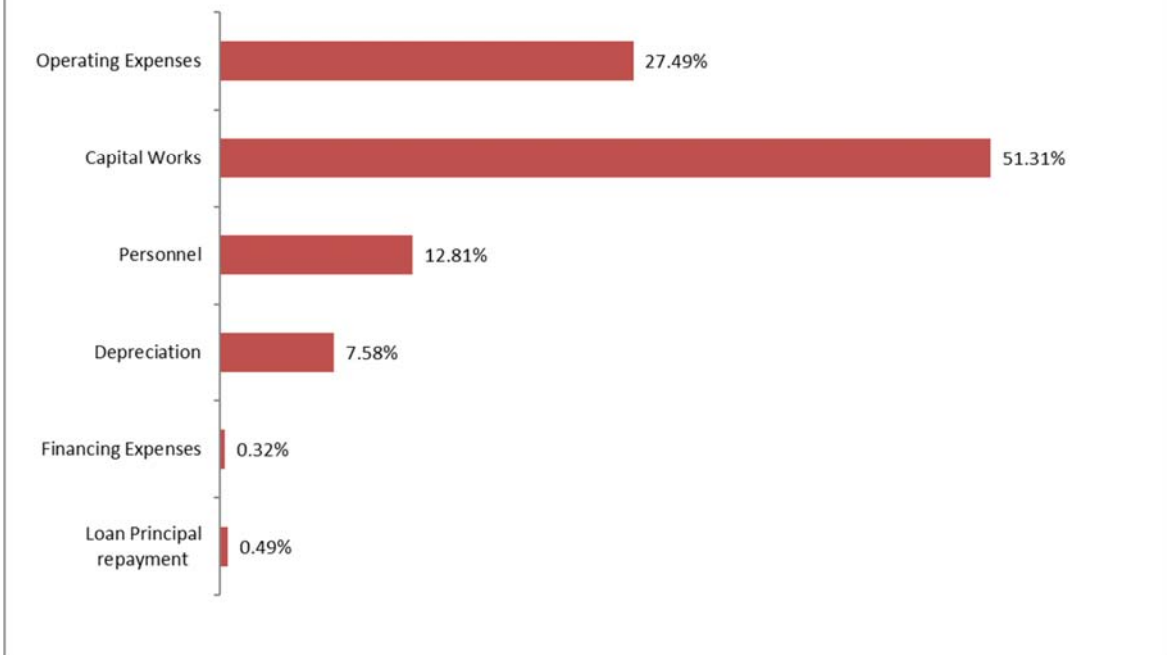




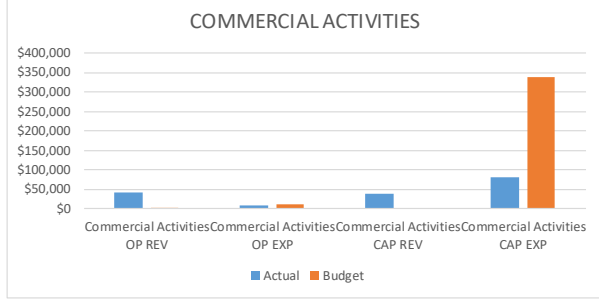
Revenue YTD by Category



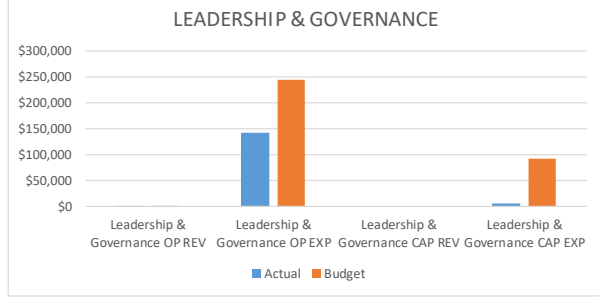
Expenditure YTD by Category



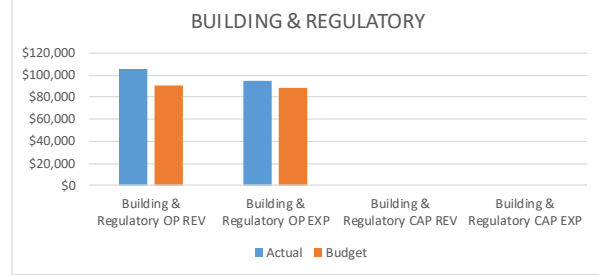
COMMERCIAL ACTIVITIES	Actual	Budget	Actual % of Budget	\$ Jul Variance
Commercial Activities OP REV	\$42,627	\$1,260	3383.07%	-\$41,367
Commercial Activities OP EXP	\$10,036	\$10,648	94.25%	\$612
Commercial Activities CAP REV	\$40,000	\$0	0.00%	-\$40,000
Commercial Activities CAP EXP	\$82,409	\$337,500	24.42%	\$255,091



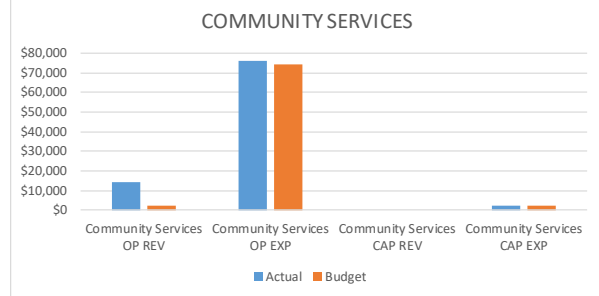
LEADERSHIP & GOVERNANCE	Actual	Budget	Actual % of Budget	\$ Jul Variance
Leadership & Governance OP REV	\$1,393	\$1,250	111.44%	-\$143
Leadership & Governance OP EXP	\$141,516	\$244,893	57.79%	\$103,377
Leadership & Governance CAP REV	\$0	\$0	0.00%	\$0
Leadership & Governance CAP EXP	\$6,860	\$92,413	7.42%	\$85,553



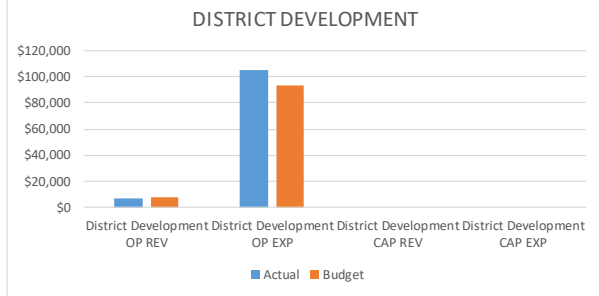
BUILDING & REGULATORY	Actual	Budget	Actual % of Budget	\$ Jul Variance
Building & Regulatory OP REV	\$105,304	\$90,461	116.41%	-\$14,843
Building & Regulatory OP EXP	\$95,398	\$88,990	107.20%	-\$6,408
Building & Regulatory CAP REV	\$0	\$0	0.00%	\$0
Building & Regulatory CAP EXP	\$0	\$0	0.00%	\$0



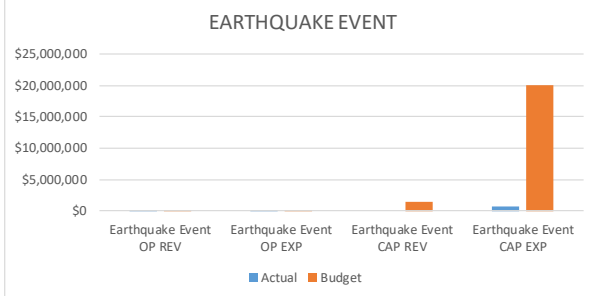
COMMUNITY SERVICES	Actual	Budget	Actual % of Budget	\$ Jul Variance
Community Services OP REV	\$14,193	\$2,374	597.83%	-\$11,819
Community Services OP EXP	\$75,822	\$74,543	101.72%	-\$1,279
Community Services CAP REV	\$0	\$0	0.00%	\$0
Community Services CAP EXP	\$2,619	\$2,190	119.59%	-\$429



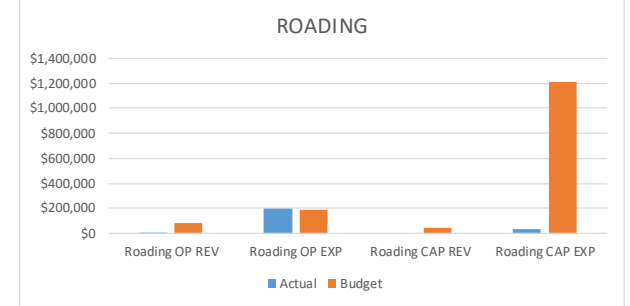
DISTRICT DEVELOPMENT	Actual	Budget	Actual % of Budget	\$ Jul Variance
District Development OP REV	\$6,857	\$8,166	83.96%	\$1,309
District Development OP EXP	\$105,104	\$93,073	112.93%	-\$12,031
District Development CAP REV	\$0	\$0	0.00%	\$0
District Development CAP EXP	\$0	\$0	0.00%	\$0



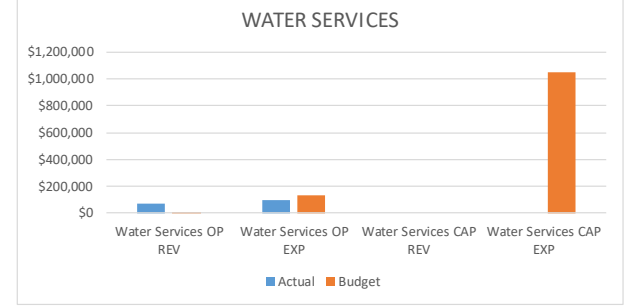
EARTHQUAKE EVENT	Actual	Budget	Actual % of Budget	\$ Jul Variance
Earthquake Event OP REV	\$83	\$100,933	0.08%	\$100,850
Earthquake Event OP EXP	\$115,128	\$196,340	58.64%	\$81,212
Earthquake Event CAP REV	\$0	\$1,472,291	0.00%	\$1,472,291
Earthquake Event CAP EXP	\$649,006	\$19,968,962	3.25%	\$19,319,956



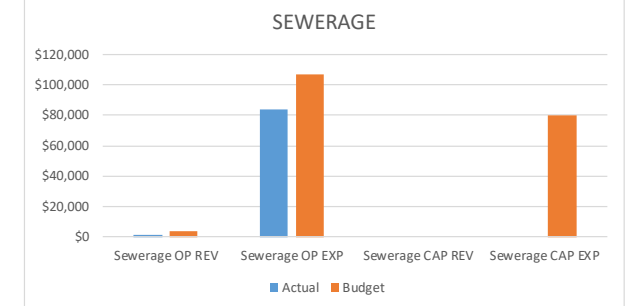
ROADING	Actual	Budget	Actual % of Budget	\$ Jul Variance
Roading OP REV	\$3,923	\$84,480	4.64%	\$80,557
Roading OP EXP	\$201,998	\$189,415	106.64%	-\$12,583
Roading CAP REV	\$0	\$41,339	0.00%	\$41,339
Roading CAP EXP	\$29,870	\$1,214,117	2.46%	\$1,184,247



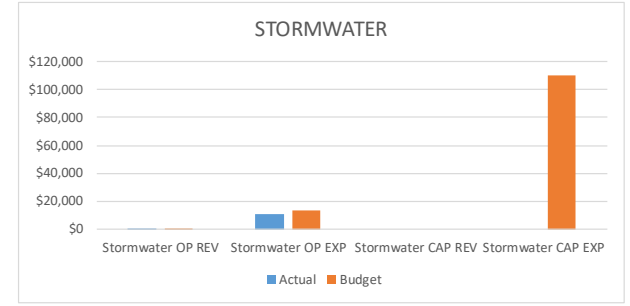
WATER SERVICES	Actual	Budget	Actual % of Budget	\$ Jul Variance
Water Services OP REV	\$70,006	\$2,256	3103.11%	-\$67,750
Water Services OP EXP	\$94,496	\$131,317	71.96%	\$36,821
Water Services CAP REV	\$0	\$0	0.00%	\$0
Water Services CAP EXP	\$0	\$1,051,200	0.00%	\$1,051,200



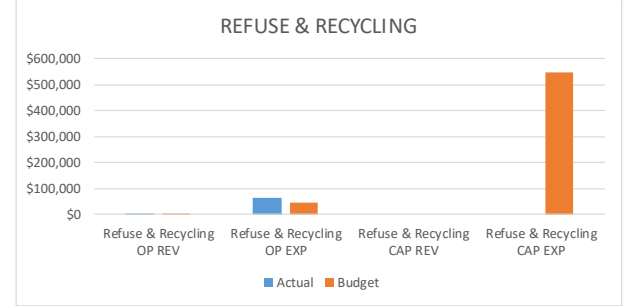
SEWERAGE	Actual	Budget	Actual % of Budget	\$ Jul Variance
Sewerage OP REV	\$877	\$3,480	25.21%	\$2,603
Sewerage OP EXP	\$83,754	\$106,983	78.29%	\$23,229
Sewerage CAP REV	\$0	\$0	0.00%	\$0
Sewerage CAP EXP	\$0	\$80,000	0.00%	\$80,000



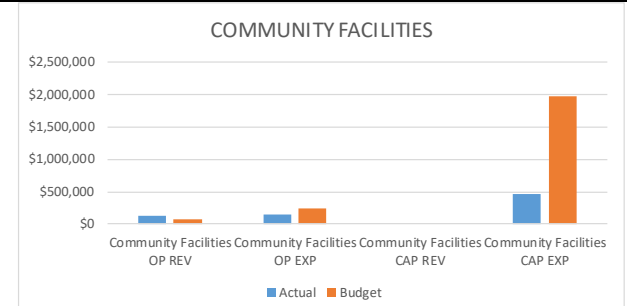
STORMWATER	Actual	Budget	Actual % of Budget	\$ Jul Variance
Stormwater OP REV	\$337	\$818	41.20%	\$481
Stormwater OP EXP	\$10,668	\$13,849	77.03%	\$3,181
Stormwater CAP REV	\$0	\$0	0.00%	\$0
Stormwater CAP EXP	\$0	\$110,257	0.00%	\$110,257



REFUSE & RECYCLING	Actual	Budget	Actual % of Budget	\$ Jul Variance
Refuse & Recycling OP REV	\$4,065	\$3,500	116.15%	-\$565
Refuse & Recycling OP EXP	\$64,824	\$43,731	148.23%	-\$21,093
Refuse & Recycling CAP REV	\$0	\$0	0.00%	\$0
Refuse & Recycling CAP EXP	\$0	\$545,000	0.00%	\$545,000



COMMUNITY FACILITIES	Actual	Budget	Actual % of Budget	\$ Jul Variance
Community Facilities OP REV	\$136,180	\$77,711	175.24%	-\$58,469
Community Facilities OP EXP	\$153,177	\$243,329	62.95%	\$90,152
Community Facilities CAP REV	\$0	\$0	0.00%	\$0
Community Facilities CAP EXP	\$455,442	\$1,973,000	23.08%	\$1,517,558



\$	CAPITAL PROJECTS -YTD Jul 2019/20	Budget 2020	Actual YTD July	Act v/s Bud	\$ Variance
J00003	South Bay Harbour-Gen Capex	300,000		0%	300,000
J00004	Office Furniture & Equipment	14,000		0%	14,000
J00005	Footpath Renewals	140,000		0%	140,000
J00006	Computers & Hardware	40,000	6,860	17%	33,140
J00008	Vehicle purchase	38,413		0%	38,413
J00010	Book Purchases	26,284	2,602	10%	23,682
J00011	DVD's	-	17	0%	-17
J00013	Pensioner Flats Upgrade	-	1,506	0%	-1,506
J00022	Stormwater Renewals	10,257		0%	10,257
J00027	Urban Water- Reticulation	400,000		0%	400,000
J00028	Urban Water- Facilities	3,000		0%	3,000
J00030	Ocean Ridge - Facilities	73,000		0%	73,000
J00032	East Coast - Facilities	7,200		0%	7,200
J00034	Kincaid Water - Facilities	23,000		0%	23,000
J00036	Fernleigh Water - Facilities	3,000		0%	3,000
J00038	Peketa Water - Facilities	225,000		0%	225,000
J00040	Oaro Water - Facilities	50,500		0%	50,500
J00042	Sewerage - Facilities	40,000		0%	40,000
J00044	Stormwater - Facilities	100,000		0%	100,000
J00055	New Recycling Stations	45,000		0%	45,000
J00059	Airport Runway Resealing	150,000		0%	150,000
J00063	Resource Recovery Centre Imprv	500,000		0%	500,000
J00071	SCADA UPGRADE	97,500		0%	97,500
J00072	New Pump Mackles Bore	50,000		0%	50,000
J00075	Streetlights - LED Conversion	96,917		0%	96,917
J00082	Urban Water - Facilites	159,000		0%	159,000
J00211	Unsealed Pavement Renewals 211	180,000	21,192	12%	158,808
J00212	Sealed Pavement Renewals 212	300,000		0%	300,000
J00213	Kerb & Channel Renewals 213	100,000		0%	100,000
J00214	Pavement Rehabilitation 214	307,200		0%	307,200
J00222	Traffic Service Renewals 222	38,000	8,678	23%	29,322
J00341	Minor Improvements 341	52,000		0%	52,000
J04412	CF Cuddon Building	337,500	82,409	24%	255,091
J04414	CF Former DC Building	60,000		0%	60,000
J04416	CF Memorial Centre	750,000	453,936	61%	296,064
J04417	CF Tennis Courts	100,000		0%	100,000
J04418	CF Drill Hall	38,000		0%	38,000
J04420	CF Swimming Pool	200,000		0%	200,000
J04421	CF Amphitheatre & Bridge	85,000		0%	85,000
J04425	CF Airport Terminal	100,000		0%	100,000
J04431	CF Pensioner Flats	30,000		0%	30,000
J04435	CF Wakatu Quay	100,000		0%	100,000
J04436	CF Airport Hangars	60,000		0%	60,000
	BAU Programme	5,429,771	577,200	11%	4,852,571
	EQ Programme	19,968,962	649,006	3%	19,319,956
	TOTAL	25,398,733	1,226,206	5%	24,172,527

INCOME JUL-19 YEAR TO DATE	Actual	Budget	% Variance	\$ Jul Variance
Roading	\$3,923	\$125,819	-96.88%	-\$121,896
Water Services	\$70,006	\$2,256	3003.11%	\$67,750
Sewerage	\$877	\$3,480	-74.79%	-\$2,603
Stormwater	\$337	\$818	-58.80%	-\$481
Refuse & Recycling	\$4,065	\$3,500	16.15%	\$565
Community Facilities	\$136,180	\$77,711	75.24%	\$58,469
Commercial Activities	\$42,627	\$1,260	3283.07%	\$41,367
Leadership & Governance	\$1,393	\$1,250	11.44%	\$143
Building and Regulatory	\$105,304	\$90,461	16.41%	\$14,843
Community Services	\$14,193	\$2,374	497.83%	\$11,819
District Development	\$6,857	\$8,166	-16.04%	-\$1,309
Earthquake Event	\$83	\$1,573,224	-99.99%	-\$1,573,141
Interest	\$108	\$0	0.00%	\$108
Rates	\$61,362	\$0	0.00%	\$61,362
Gross Operating Revenue	\$447,314	\$1,890,319	-76.34%	-\$1,443,005
Less Capital Subs & Grants	-\$40,000	-\$1,513,630	16.15%	
Net Operating Revenue	\$407,314	\$376,689	8.13%	\$30,625

EXPENDITURE JUL-19 YEAR TO DATE	Actual	Budget	% Variance	\$ Jul Variance
Roading	\$201,998	\$189,415	6.64%	\$12,583
Water Services	\$94,496	\$131,317	-28.04%	-\$36,821
Sewerage	\$83,754	\$106,983	-21.71%	-\$23,229
Stormwater	\$10,668	\$13,849	-22.97%	-\$3,181
Refuse & Recycling	\$64,824	\$43,731	48.23%	\$21,093
Community Facilities	\$153,177	\$243,329	-37.05%	-\$90,152
Commercial Activities	\$10,036	\$10,648	-5.75%	-\$612
Leadership & Governance	\$141,516	\$244,893	-42.21%	-\$103,377
Building and Regulatory	\$95,398	\$88,990	7.20%	\$6,408
Community Services	\$75,822	\$74,543	1.72%	\$1,279
District Development	\$105,104	\$93,073	12.93%	\$12,031
Earthquake Event	\$115,128	\$196,340	-41.36%	-\$81,212
Bad Debt	\$0	\$10,000	-100.00%	-\$10,000
	\$1,151,921	\$1,447,111	-20.40%	-\$295,190

Report to:	Finance, Audit & Risk
Date:	27 August 2019
Subject:	Special Funds & Reserves
Prepared by:	S Poulsen, Finance Manager
Authorised by:	A Oosthuizen, Chief Executive

1 SUMMARY

This Committee and the Council have been requesting, for quite some time, a report showing a reconciliation of special funds and reserves. The attached report provides a reconciliation of those funds and reserves. The reconciliation is a reasonably complex piece of work as it has been unreconciled for over a year and has required recalculating prior years.

The balances shown in this report are still a work in progress, as the financial results for the 2019 financial year are still being processed. The annotated “good” on the right hand column denotes those funds and reserves with a high level of confidence that the balance is correct. The remainder need further work.

2 RECOMMENDATION

THAT the Finance, Audit & Risk Committee receives this report.

3 BACKGROUND

Special Reserves are reserves held for a specific purpose because they are funded by targeted rates, such as water, roading, harbour, etc. Special Funds are also held for specific purposes, but they are usually funded from other sources such as grants, which is the case for Creative NZ, EQ Events, and Family Violence Coordination, or revenues accumulated by an activity, such as the Forestry Fund.

The intention of these Special Funds & Reserves is to ensure funds are available when needed. Surplus cash has been used to repay debt, and so reconciling these reserves has been particularly complex.

4 COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



We value, protect and enhance Kaikōura’s unique natural environment and biodiversity and sustainably manage disposal of waste.



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.



Our community participates in decisions and planning in a way that benefits our future.



Residents and visitors enjoy an improved quality of life in our District.

Special Reserves & Special Funds

as at 30 June 2019

Special Reserves	Opening Balance	Inflow	Outflow	Closing Balance	
Kaikōura Water Cohort	88,841	861,251	910,225	39,866	Good
Ocean Ridge Water	(37,166)	37,166	-	-	Good
East Coast Rural Water	(8,533)	86,400	84,711	(6,844)	Good
Kincaid Rural Water	129,189	144,617	84,118	189,689	Good
Fernleigh Rural Water	(24,386)	27,295	31,568	(28,659)	
Roading BAU Reserve	(18,218)	1,774,961	1,495,056	261,687	Good
Roadiing Emergency Reserve	-	98,000	39,677	58,323	Good
Footpaths & Streetlights	17,997	402,184	369,245	50,936	Good
Recycling	(23,805)	212,278	198,629	(10,157)	Good
District Plan	12,747	368,511	167,823	213,435	Good
Stormwater	33,226	136,404	65,202	104,428	Good
Sewerage	175,660	717,324	865,963	27,021	Good
Tourism & Marketing Reserve	-	396,231	438,913	(42,682)	Good
Commercial Rate	45,123	123,143	155,246	13,019	Good
Harbour	(26,358)	887,431	812,900	48,173	Good
Registered Premises	46,232	107,565	139,784	14,014	Good
Town Centre	120,233	169,357	280,648	8,942	Good
Civic Centre	(199,310)	221,225	700,290	(678,375)	
Stock Control	24,966	25,625	50,591	-	
Earthquake Roding	-	1,966,635	2,626,534	(659,898)	
Earthquake Rebuild Director	-	535,532	894,048	(358,516)	
Earthquake/Disaster Levy	-	-	-	-	
Totals	356,439	9,299,133	10,411,171	(755,598)	

Special Funds	Opening Balance	Inflow	Outflow	Closing Balance	
Social Services Committee	5,329	500	-	5,829	Good
Tourism Strategy Fund	34,650	-	-	34,650	Good
Creative NZ	8,613	9,126	11,017	6,721	Good
George Low Trust	55,429	4,500	4,588	55,341	Good
Economic Development Fund	30,449	307,244	146,875	190,818	
EQ Recovery Events Fund	-	22,385	20,839	1,546	Good
Forestry Fund	1,155,763	422,625	552,023	1,026,365	Good
Significant Natural Areas Fund	28,774	-	-	28,774	Good
Parks & Reserves Development	68,660	733	-	69,393	Good
Pensioner Flats	(86,677)	98,583	118,752	(106,846)	Good
Investment Property Fund	(511)	217,820	274,400	(57,091)	Good
Community Facilities Fund	208,833	375,000	865,132	(281,299)	
Vehicle & Plant Renewal	(707)	34,552	40,589	(6,745)	Good
Waste Minimisation Levy	26,990	14,363	550	40,803	Good
Landfill Development Fund	81,156	463,309	441,730	102,735	Good
Landfill Site Aftercare	93,832	45,000	-	138,832	Good
Library Grants	1,739	4,335	813	5,262	Good
Family Violence Prevention	(1,449)	45,000	30,330	13,221	Good
DIA Statutory Capability Fund - Building	98,996	220,000	127,150	191,846	Good
DIA Statutory Capability Fund - Natural Hazards & District Plan	(202,497)	113,000	118,573	(208,070)	Good
DIA Statutory Capability Fund - Resource Consents & Stat Planning	46,343	64,000	7,185	103,159	Good
Natural Hazards Remediation	-	1,500,000	354,104	1,145,896	Good
Mayoral Fund	8,171	-	-	8,171	Good
Airport	(255,346)	125,836	201,722	(331,232)	Good
Earthquake Recovery Fund	75,582	-	37,906	37,677	
Three Waters Earthquake Fund	1,470,534	-	1,250,278	220,256	
Mayoral Earthquake Relief Fund	71,035	-	17,818	53,218	
Winter Warmer	69,761	(435)	4,943	64,383	Good

Earthquake Outreach Team	5,431	53,000	46,516	11,915	Good
Earthquake Recovery Support	-	27,000	23,400	3,600	Good
Community Hub	-	-	-	-	Good
Building Accreditation Fund	-	33,873	33,873	-	Good
Earthquake Waste Grants	(5,662)	433,336	429,716	(2,042)	Good
Rebuild Navigator	-	102,021	44,634	57,387	Good
Communications Assistant	33,801	43,000	71,066	5,735	
Memorial Hall Lottery Grant	-	-	-	-	
Totals	3,127,021	4,779,705	5,276,519	2,630,207	

***key surplus/(deficit)**

MINIMUM CASH BALANCE TO BE ON HAND	\$1,874,610
ACTUAL CASH ON HAND	\$1,940,699