

Finance and Policy Committee Meeting

Notice is hereby given that a meeting of the Finance and Policy Committee will be held in the Council Chambers, 29 Civic Avenue, Gore, on Tuesday 29 April 2014, following the conclusion of the Operations Committee meeting.

A handwritten signature in black ink, appearing to read "Stephen Parry".

Stephen Parry
Chief Executive

Date: 16 April 2014

Agenda

1. Financial Report for February 2014

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FINANCE AND POLICY COMMITTEE AGENDA

29 APRIL 2014

1. FINANCIAL REPORT FOR FEBRUARY 2014

(Memo from Chief Financial Officer 15.4.2014)

Summary

In total spending is tracking against budgets as can be seen by the gauges below.
Total revenue is lower than budget by 190k
Total expenses are lower than budget by 533k

There have been few new developments since January. Several permanent variances pointed out in the last report have become more established and are still being closely managed to lessen their overall impact. The NZTA subsidy is the prime reason for the lower overall revenue variance.

Total expenses at a glance...



% of year to date Budget Spent



% of Annual Budget Spent

Capital expenditure at a glance...



% of year to date Budget Spent



% of Annual Budget Spent

Statement of Income and Expenditure for the 8 months ended 28 February 2014

Department	Current			Favourable / Unfavourable	Annual	
	Actuals	Budget	Variance		Current Budget	% of Annual Budget
Income						
Aquatic Services & Stadiums	1,033	1,017	(17)	F	1,524	68%
Cemeteries	166	183	17	U	275	60%
Central Administration	1,594	1,611	17	U	2,417	66%
Civil Defence	49	49	(0)	F	73	67%
Community Grants	387	384	(3)	F	577	67%
Elected Members	510	475	(35)	F	713	71%
Essential Services	4,108	4,005	(103)	F	6,071	68%
Heritage Precinct	1,120	1,094	(26)	F	1,641	68%
Parks and Reserves	2,007	1,975	(31)	F	2,964	68%
Property	500	497	(3)	F	745	67%
Public Conveniences	89	88	(1)	F	133	67%
Regulatory	914	901	(13)	F	1,300	70%
Roading	2,703	3,092	389	U	4,581	59%
Income Total	15,180	15,370	190	U	23,015	66%
Expenditure						
Aquatic Services & Stadiums	1,066	1,098	32	F	1,627	66%
Cemeteries	146	151	5	F	227	64%
Central Administration	1,654	1,533	(121)	U	2,313	71%
Civil Defence	60	58	(2)	U	77	77%
Community Grants	427	430	3	F	577	74%
Elected Members	573	476	(97)	U	707	81%
Essential Services	4,066	4,253	187	F	6,331	64%
Heritage Precinct	1,125	1,133	8	F	1,696	66%
Parks and Reserves	1,727	1,871	144	F	2,812	61%
Property	574	610	36	F	904	63%
Public Conveniences	71	104	32	F	156	46%
Regulatory	874	854	(19)	U	1,281	68%
Roading	2,759	3,085	325	F	4,703	59%
Expenditure Total	15,120	15,653	533	F	23,412	65%
Total	(60)	283	343	F	397	

Commentary on the Statement of Income and Expenditure

Income

Overall income is unfavourable by \$190k.

The major contributor to this is the NZTA Subsidy, (\$389k behind budget).

Central administration is behind due to the total level of penalties collected to date being below budget. This is will be a permanent variance and is due to temporary exemptions that were granted when the Authority system first went live. These exemptions have since been removed

Essential services income is higher than budgeted due to extra trade waste charges being charged to Waitane to reflect their actual discharge.

There are no other material permanent variances at this point in time.

Expenditure

Overall expenditure is favourable by \$533k. 65% of the total annual budget has currently been spent in the first eight months.

The Gore Multisports Aquatic Centre is being closely monitored and has two permanent variances. Wages (due to demand for swim lessons) and electricity, (due to power from the ice rink, this is partially offset by a recovery from Ice Sports Southland in the revenue area). These have not improved since January.

Central administration has an unfavourable variance of \$121k; \$40k relates to the website and is funded by reserves. \$25k relates to depreciation on the Authority computer system. \$45k relates to the community awards expenses. This event has income of \$22k which is included in revenue, however due to the loss of the events major sponsor there is a shortfall of \$23k. Other variances at this point are being managed closely and are expected to improve with time.

Essential Services has a significant favourable variance due to timing of maintenance work.

Regulatory has an unfavourable variance; it is expected now that this will become less favourable over the coming months. The major drivers are the costs associated with the employment of the senior planner. These will be not be fully offset by the reduction in planning consultant fees.

Roading expenditure is down due to timing of the maintenance work.

No other material permanent variances are noted at this point.

Capital expenditure by department for the 8 months ended 28 February 2014

Department	Actuals	Current Budget	Variance	Annual Current Budget	% of Annual Budget Spent
Aquatic Services & Stadiums	24	-	(24)	324	7%
Cemeteries	44	53	9	80	55%
Central Administration	107	114	7	114	94%
Essential Services	477	756	279	1,118	43%
Heritage Precinct	83	72	(11)	108	77%
Parks and Reserves	94	205	111	217	43%
Property	44	18	(26)	18	246%
Public Conveniences	80	89	9	134	60%
Regulatory	19	23	4	23	83%
Roading	1,206	1,747	541	2,426	50%
Total	2,178	3,077	899	4,562	48%

48% of the capital expenditure budget has been expended, (42% last month). All variances at this point are due to timing of the various projects

The overspend in the property section is due to the Keystores building demolition which will be deficit funded in the current year until August 2014 when finance is released from the Coster Fund.

The following page contains a schedule of projects with a budget of \$100,000 or more and shows the percentage of the total budget spent.

The planned renewal work for the Aquatic centre is scheduled for May/June 2014.

Capital projects over \$100,000 for the 8 months ended 28 February 2014						
	Actuals	Annual Current Budget	% of Annual Budget Spent	Status	Comments	
Gore Aquatic Centre						
Facility shutdown	4	324	1%	Started	Preparation underway	
Gore Aquatic Centre Total	4	324	1%			
Public Conveniences						
Capital Public Conveniences Replacement Toilets Queens Park Maitua	78	134	58%	Completed	Under budget, loan funded	
Public Conveniences Total	78	134	58%			
Roading						
Rural Roads - Subsidised - Renewals	449	1,442	31%	In progress		
Rural Roads - Subsidised - Increased Level of Service	39	125	31%	In progress		
Urban Roads - Subsidised - Renewals	426	472	90%	In progress	Reseal programme largely complete	
Urban Roads - Non Subsidised - Renewals	224	321	70%	In progress	Expecting overrun, to be offset by underspends	
Roading Total	1,138	2,359	48%			
Wastewater						
Wastewater Capital Ajax Pump Station Upgrade Gore	86	349	25%	In progress	These projects discussed elsewhere in agenda	
Wastewater Capital Ajax Catchment Pipe replacement	158	216	73%	In progress		
Wastewater Total	245	565	43%			
Water						
Water Capital Reticulation Renewals	-	112	0%	Not started	About to go to tender	
Water Capital New Water Source Gore	20	100	20%	In progress		
Water Total	20	212	9%			
Total	1,485	3,594	41%			

Statement of Financial Position as at 28 February 2014

	Actuals 2014	Actuals 2013
Assets		
Current Assets		
Cash And Cash Equivalents	1,840	2,298
Inventories	138	165
Trade & Other Receivables	1,156	841
Current Assets Total	<u>3,134</u>	<u>3,304</u>
Non Current Assets		
Infrastructure Property Plant Equipment	370,944	342,670
Investments	1,571	1,511
Other Financial Assets	(350)	(596)
Other Non Current Assets	119	121
Non Current Assets Total	<u>372,283</u>	<u>343,706</u>
Assets Total	<u>375,417</u>	<u>347,010</u>
Liabilities		
Current Liabilities		
Borrowings	-	-
Other Current Liabilities	109	53
Short Term Provisions	468	440
Trade & Other Payables	1,154	1,274
Current Liabilities Total	<u>1,731</u>	<u>1,767</u>
Non Current Liabilities		
Long Term Borrowings	11,216	11,357
Long Term Provisions	105	107
Non Current Liabilities Total	<u>11,321</u>	<u>11,464</u>
Liabilities Total	<u>13,052</u>	<u>13,231</u>
Net Assets	<u>362,365</u>	<u>333,779</u>
Equity		
Asset Revaluation Reserve	227,584	196,920
Other Reserves	3,712	3,189
Accumulated Surplus	131,069	133,670
Equity Total	<u>362,365</u>	<u>333,779</u>

Commentary on the Statement of Financial Position

The major changes in the balance sheet from the same month in prior year:

Assets

- Bank is down and Debtors are up on the same month last year due to timing of receipts from customers.
- Derivative instruments are up on the same month last year due to the revaluation of the interest swaps at 30 June 2013.
- Infrastructure, property, plant and equipment is up on the same period last year due to the revaluation of the Council's land, buildings and infrastructure as at 30 June 2013.

Liabilities

- Creditors are only slightly lower than last year due timing of expenditure
- Term debt has decreased due to planned repayments which were made at the end of last financial year

RECOMMENDATION

THAT the financial report for the eight months ended 28 February 2014 be received.