

Appendix 2



DATE: 23 May 2013
TO: Mayor and Councillors
FROM: Acting GM Corporate Services

QUARTERLY FINANCIAL REPORT TO 31 MARCH 2013

1.0 SUMMARY

- 1.1 The purpose of this report is to provide a report on Council's financial performance for the 9 months to 31 March 2013, as compared with budgets.
- 1.2 This report shows that Council's overall financial performance is unfavourable as compared to budget and that this is likely to continue for the remainder of this financial year. This situation is consistent with the advice given to Council both in December 2012, as part of the analysis of the 2011/12 Annual Report and reiterated in the six monthly reports as at 31 December 2012.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is to provide good-quality local infrastructure, local public services and regulatory functions in a manner that is most cost-effective for households and businesses. Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Involving the community and stakeholders Having inspirational leadership Having expanded development opportunities	Good financial performance contributes to all of Council's vision's objectives. Likewise poor financial performance will adversely impact on Council's

Having top class infrastructure for all communities Living the '100% Pure NZ' brand	ability to achieve its vision's objectives
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- 1.4 This report concludes by recommending that Council receive the information.

2.0 BACKGROUND

- 2.1 Council is aware that its financial performance is below expectations. This was highlighted both in the Annual Report 2011/12 and the six monthly 2012/13 financial reports.
- 2.2 Council's finance resources have been grossly inadequate to manage the financial affairs of an organisation of this size and complexity. Additional resources are being applied to identifying the full extent of the situation.
- 2.3 This report contains three parts:
- Actual to Budget analysis by Activity
 - Reserves Report
 - Treasury Report – provides information on Council's debt, investment and cash position as at 31 March. It also reports on compliance against Council's policies.

3.0 CURRENT SITUATION

- 3.1 Considerable resources have been applied to getting the 2013/14 Annual Plan right. This has been a priority. Cash management has also been a major focus. With these priorities little resources remain for the analysis of 2012/13 financial performance.
- 3.2 The financial results show a significant difference to the LTP (see page 6). Since the six months report further errors have been found with the LTP budgets confirming their unreliability for assessing the 2012/13 financial performance.
- 3.3 The LTP shows a budgeted surplus of \$4.6m whereas our nine month result shows a deficit of \$1.05m. This equates to a variance between the LTP budget figures and actual figures of \$5.1m.

- 3.4 As reported in the analysis of the 2011/12 Annual Report many of the variances in that year were due to inaccurate budgeting. As the budget for 2012/13 had already been set staff advised Council that it was most likely that these variances would continue for this financial year.

A number of measures to reduce the impact of this financial situation have been implemented.

- 3.4.1 Additional finance has been arranged (as approved by Council).
 - 3.4.2 Additional financial personnel have been obtained on a temporary basis although a permanent solution is still being achieved.
 - 3.4.3 Carry forward budgeted projects have not been started.
 - 3.4.4 Non urgent capital projects have been delayed.
 - 3.4.5 Staff have been challenged to reduce other operating expenditure, without reducing service levels.
- 3.5 The activities with the most significant variances are:
- 3.5.1 Solid waste income was overstated in the LTP by a total of \$446,000.
 - 3.5.2 The cycletrail had no LTP budget and for the nine months ended 31 March 2013 has incurred expenses of \$131,034. (This is covered by a separate report).
 - 3.5.3 The whitebait festival held in October 2012 cost Council a \$(212,000) net deficit.
 - 3.5.4 Employee costs in the LTP were budgeted at \$1.5m when actual employee costs have been in excess of \$3.2m for the past three years.
 - 3.5.5 Interest income and expense in the LTP show a net surplus of \$331,730 when the actual year to date shows a deficit of \$(103,014). This deficit will increase at year end.
 - 3.5.6 The large financial deficit doesn't lead to a large cash deficit due to non-cash depreciation expenses. The draft Annual Plan is providing for \$2.0m in borrowing for unfunded operating expenses for 2012/13. It appears that this may be considered very conservative. We are reviewing our cash forecasts weekly and will consider the need to update this borrowing requirement after the consultation.

4.0 RECOMMENDATION

- A) **THAT** the Financial Report (including Reserves and Treasury reports) to 31 March 2013 be received.

Appendix 1: Quarterly Financial Report to 31 March 2013.

Appendix 2: Quarterly Reserves Report to 31 March 2013.

Appendix 3: Quarterly Treasury Report to 31 March 2013.

Stephen Halliwell

Acting Corporate Services Manager

APPENDIX 1

WESTLAND DISTRICT COUNCIL

QUARTERLY FINANCIAL REPORT

FOR NINE MONTHS ENDED 31 MARCH 2013

PLEASE NOTE

For each of the following budgets we have analysed and provided comment on variances greater than \$10,000 plus or minus. We have determined whether the variance is favourable (f) or unfavourable (u).

FYR is Full Year

YTD is Year to Date (Year to 31 March 2013)

Income

(u) is anything under \$10,000 to budget in income

(f) is anything over \$10,000 to budget in income

Expenditure

(f) is anything under \$10,000 to budget in expenditure

(u) is anything over \$10,000 to budget in expenditure

	SUMMARY					
	LTP pg 224	Budget	Actual	Budget	Variance	f/(u)
	FYR	FYR	YTD	YTD	\$	
	\$	\$	\$	\$		
Operating Revenue						
Leisure & Cultural	2,557,000	2,373,089	2,075,219	1,779,816.75	(295,402)	(f)
Community Services	341,000	342,001	319,793	256,501	63,292	(f)
Planning & Reg	1,393,000	1,385,166	1,134,912	1,038,875	96,038	(f)
Cycletrail	-	5,074,000	1,628,119	3,805,500	(2,177,381)	(u)
Dividend & Interest	-	841,730	515,267	631,298	(116,031)	(u)
Governance	697,000	696,500	522,759	522,375	(384)	
Stormwater	487,000	487,000	350,250	365,250	(15,000)	(u)
Wastewater	782,000	802,000	596,549	601,500	(4,951)	
Water Supply	2,236,000	2,235,800	1,730,520	1,676,850	53,670	(f)
Solid Waste	2,130,000	2,130,109	1,275,913	1,597,582	(321,669)	(u)
Transport	9,270,000	3,845,290	1,966,590	2,883,968	(917,377)	(u)
Other Infrastructure Assets	800,000	800,326	625,082	600,245	24,837	(f)
Overheads	-	863,603	2,449,580	647,702	(1,801,878)	(f)
	20,693,000	21,876,614	15,190,552	16,407,461	(1,216,908)	
Operating Expenditure						
Leisure & Cultural	2,445,000	2,421,583	2,537,613	1,816,187	721,426	(u)
Community Services	463,000	426,444	246,537	319,833	(73,296)	(f)
Planning & Reg	1,359,000	1,341,971	991,682	1,006,478	(14,796)	(f)
Cycletrail	-	-	131,034	-	131,034	(u)
Dividend & Interest	-	510,000	618,280	382,500	235,780	(u)
Governance	697,000	696,809	588,911	522,607	66,304	(u)
Stormwater	487,000	481,111	396,853	360,833	36,020	(u)
Wastewater	782,000	719,121	556,930	539,341	(17,589)	(u)
Water Supply	2,022,000	1,994,199	1,561,441	1,495,649	65,792	(u)
Solid Waste	2,130,000	2,130,000	1,382,235	1,597,500	(215,265)	(f)
Transport	4,844,000	5,231,550	3,626,314	3,923,663	(297,349)	(f)
Other Infrastructure Assets	800,000	753,069	764,676	564,802	199,875	(u)
Overheads		4,074,250	2,843,391	3,055,688	(212,297)	(f)
Total Expenditure	16,029,000	20,780,107	16,245,899	15,585,081	(660,818)	
Total Surplus/(Deficit)	4,664,000	1,096,507	(1,055,347)	822,380	(1,877,727)	
Capital Expenditure						
Leisure & Cultural		130,775	96,096	98,081	(1,985)	
Community Services		-	26,385	-	26,385	(u)
Planning & Reg		-	6,616	-	6,616	
Cycletrail		5,074,000	3,733,539	3,805,500	(71,961)	(f)
Governance		-	6,308	-	6,308	
Stormwater		297,622	82,266	223,217	(140,951)	(f)
Wastewater		805,000	265,793	603,750	(337,957)	(f)
Water Supply		1,040,000	1,258,988	780,000	478,988	(u)
Solid Waste		840,000	107,942	630,000	(522,058)	(f)
Transport		3,716,550	1,192,553	2,787,413	(1,594,860)	(f)
Other Infrastructure Assets		220,000	252,398	165,000	87,398	(u)
Overheads		115,000	91,482	86,250	5,232	
Total Capital Expenditure		12,238,947	7,120,366	9,179,210	(2,058,844)	

LEISURE & CULTURE ACTIVITIES

	LEISURE & CULTURAL ACTIVITIES SUMMARY				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	2,373,089	2,075,219	1,779,817	295,402	(f)
Operating Expenditure	2,421,583	2,537,613	1,816,187	721,426	(u)
Surplus/(Deficit)	(48,494)	(462,395)	(36,371)	(426,024)	(u)
Capital Expenditure	130,775	96,096	98,081	(1,985)	

	Library				Museum			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	448,000	338,413	336,000	2,413	264,100	218,040	198,075	19,965 (f)
Less Operating Expenditure	448,057	347,362	336,043	11,319 (u)	263,857	213,651	197,893	15,758 (u)
Surplus/(Deficit)	(57)	(8,949)	(43)	(8,907)	243	4,389	182	4,207
Capital Expenditure	50,000	13,277	37,500	(24,223) (f)	-	2,963	-	(2,963)

Library

Expenditure: is overspent due to unexpected computer support costs and repairs and maintenance costs. A number of smaller budgets are ahead of the nine months but should come in on budget at year-end.

Museum

Revenue: is over-budget due to a grant received for the whitebait exhibition becoming a permanent display.

Expenditure: is over-spent due to salaries budgets being insufficient for current service level. Museum expenditure is forecast to be over budget by \$40,000 at year end for this reason.

	Swimming Pools				Elderly Housing			
	Budget	Actual	Budget	Variance	Budget	Actual	Budget	Variance
	FYR	YTD	YTD	\$	FYR	YTD	YTD	\$
Operating Revenue	231,157	302,964	173,368	129,596 (f)	-	19,790	-	19,790 (f)
Less Operating Expenditure	229,348	343,073	172,011	171,062 (u)	-	84,361	-	84,361 (u)
Surplus/(Deficit)	1,809	(40,109)	1,357	(41,466) (u)	-	(64,571)	-	(64,571) (u)
Capital Expenditure	-	-	-	-	-	-	-	-

Swimming:

Revenue: The favourable variance occurs due to recoveries of \$129,000 for expenses paid by Council which were on charged to the Property Company. This offsets the overspend in expenditure.

Expenditure: The unfavourable variance occurs due to \$129,000 of expenses paid while the management change over of the swimming pool was finalised, these expenses were later reimbursed (see above). Council expenditure includes unfunded depreciation. This is forecast to be overspent by \$40,000 at year-end.

Elderly Housing

Revenue: The favourable variance occurs due to recoveries of \$22,278 for insurance paid on the property company's behalf. This offsets the insurance cost in operating expenditure.

Expenditure: is over-spent due to \$35,561 depreciation being a non recoverable expense. The remaining expenses (being rates and some maintenance costs) will be reimbursed before the end of June. The forecast over-spend due to depreciation expenses is \$42,673.

	I-site				Events			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	371,828	322,189	278,871	43,318 (f)	421,388	395,897	316,041	79,856 (f)
Less Operating Expenditure	344,727	338,898	258,545	80,352 (u)	501,614	704,096	376,211	327,885 (u)
Surplus/(Deficit)	27,101	(16,708)	20,326	(37,034) (u)	(80,226)	(308,199)	(60,170)	(248,029) (u)
Capital Expenditure	-	417	-	417	-	-	-	-

I-site

Revenue: a favourable variance occurs due to bookings income being included, which is offset in the expenses. This variance is offset by unrealistic income budgets for retail sales and commissions.

Expenditure: An unfavourable variance occurs due to bookings reimbursed. This figure is offset in revenue.

Events

Council will be provided with a separate report on this activity. The figures in the separate report will differ to this report as they will be up to date not to 31 March.

	Community Halls & Buildings				Parks & Reserves			
	Budget	Actual	Budget	Variance	Budget	Actual	Budget	Variance
	FYR	YTD	YTD	\$	FYR	YTD	YTD	\$
	\$	\$	\$	f/(u)	\$	\$	\$	f/(u)
Operating Revenue	67,000	115,825	50,250	65,575 (f)	323,960	290,046	242,970	47,076 (f)
Less Operating Expenditure	74,332	99,463	55,749	43,714 (u)	351,292	242,028	263,469	(21,441) (f)
Surplus/(Deficit)	(7,332)	16,362	(5,499)	21,861 (f)	(27,332)	48,018	(20,499)	68,517 (f)
Capital Expenditure	-	60,158	-	60,158 (u)	60,775	16,888	45,581	(28,693) (f)

Community Halls and Buildings

Revenue: A favourable variance occurs due to the insurance claim being received for the fire at heritage park. This is offset in expenditure and capital expenditure.

Expenditure & capital: show an unfavourable variance due to the insurance money being spent plus the excess of \$20,000.

Parks & Reserves

Revenue: A favourable variance occurred due to Reserves Contributions exceeding \$35,000 (we do not budget for reserve contributions). MDI funding was also received for Donovan's Store amounting to \$12,703.

Expenditure: A favourable variance has occurred due to repairs and maintenance work at Cass Square not undertaken as at 31 March 2013.

Capital: A favourable variance is due to capital works being delayed, pending confirmation of funding sources.

	Cemeteries				Communications			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	104,300	72,022	78,225	(6,203)	141,356	33	106,017	(105,985) (u)
Less Operating Expenditure	87,000	89,730	65,250	24,480 (u)	121,356	74,952	91,017	(16,065) (f)
Surplus/(Deficit)	17,300	(17,708)	12,975	(30,683) (u)	20,000	(74,919)	15,000	(89,919) (u)
Capital Expenditure	20,000	2,393	15,000	(12,607) (f)				

Cemeteries

Expenditure: An unfavourable variance has occurred due to a miscoding of \$14,000 and contract costs for Kumara Cemetery not budgeted.

Capital: A favourable variance occurs as budgeted projects for this activity have been put on hold until further investigation.

Communications

Revenue: unfavourable variance is due to the budgeted funding being transferred from events and I-site surpluses, which don't exist.

Expenditure: The expenditure is under budget as there is no salaried communications advisor for Council.

COMMUNITY SERVICES

	COMMUNITY SERVICES SUMMARY				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	342,001	319,793	256,501	63,292	(f)
Operating Expenditure	426,444	246,537	319,833	(73,296)	(f)
Surplus/(Deficit)	(84,443)	73,256	(63,332)	136,588	(f)
Capital Expenditure	-	26,385	-	26,385	(u)

	Community Development					Safer Community Council				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	274,001	267,693	205,501	62,192	(f)	68,000	52,100	51,000	1,100	
Less Operating Expenditure	358,217	227,487	268,663	(41,176)	(f)	68,227	19,050	51,170	(32,121)	(f)
Surplus/(Deficit)	(84,216)	40,206	(63,162)	103,368	(f)	(227)	33,050	(170)	33,220	(f)
Capital Expenditure	-	26,385	-	26,385	(u)	-	-	-	-	-

Community Development

Revenue and Expenditure: favourable variances are expected to come close to budget by year-end.

Capital Expenditure: An unfavourable variance occurred due to the purchase of computers for Glacier Country Promotions of \$5,000 and \$20,000 which belongs in Community Township development.

Safer Community Council

Favourable variance should come close to budget by year-end.

PLANNING & REGULATORY

	PLANNING & REGULATORY SERVICES				
	Budget	Actual	Budget	Variance	f/(u)
	FYR	YTD	YTD	\$	
	\$	\$	\$		
Operating Revenue	1,385,166	1,134,912	1,038,875	96,038	(f)
Operating Expenditure	1,341,971	991,682	1,006,478	(14,796)	(f)
Surplus/(Deficit)	43,195	143,230	32,396	110,834	(f)
Capital Expenditure		6,616		6,616	

	Inspections & Compliance				Resource Management			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	775,424	592,132	581,568	10,564 (f)	372,176	328,176	279,132	49,044 (f)
Less Operating Expenditure	775,117	575,609	581,338	(5,728)	372,571	279,975	279,428	547
Surplus/(Deficit)	307	16,522	230	16,292 (f)	(395)	48,201	(296)	48,497 (f)
Capital Expenditure	-	3,954	-	3,954	-	1,385	-	(1,385)

Inspections and Compliance

Revenue: the favourable variance is due to additional building consent processing fees as a result of complexity or deficiency in applications.

Resource Management

Revenue: The favourable variance is due to recoverable costs which are not budgeted for being invoiced in a timely manner. This income is offset by recoverable expenses in expenditure.

	Animal Control				Emergency Management			
	Budget FYR	Actual YTD	Budget YTD	Variance \$	f/(u)	Budget FYR	Actual YTD	Budget YTD
	\$	\$	\$	\$		\$	\$	\$
Operating Revenue	92,000	102,818	69,000	33,818	(f)	145,566	111,787	109,175
Less Operating Expenditure	91,563	66,868	68,672	(1,805)		102,720	69,230	77,040
Surplus/(Deficit)	437	35,950	328	35,623	(f)	42,846	42,557	32,135
Capital Expenditure	-	1,277	-	1,277		-	-	-

Animal Control

The favourable variance has occurred due to Animal Control fees being invoiced at the start of the year. The forecast year-end result is to be on budget.

WEST COAST CYCLE TRAIL

	WEST COAST CYCLE TRAIL				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	5,074,000	1,628,119	3,805,500	(2,177,381)	(u)
Operating Expenditure	-	131,034	-	131,034	(u)
Surplus/(Deficit)	5,074,000	1,497,085	3,805,500	(2,308,415)	(u)
Capital Expenditure	5,074,000	3,733,539	3,805,500	(71,961)	(f)

Council will receive a separate report on the finances for this whole (multi-year) project.

INTEREST AND DIVIDENDS

	RATES PENALTIES INTEREST & DIVIDENDS				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	841,730	515,267	631,298	(116,031)	(u)
Operating Expenditure	510,000	618,280	382,500	235,780	(u)
Surplus/(Deficit)	331,730	(103,014)	248,798	(351,811)	(u)
Capital Expenditure	-	-	-	-	

Council debt is higher than budgeted. An unfavourable variance results from this. Council has received distributions from CCO's of \$228,000.

GOVERNANCE

	GOVERNANCE				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	696,500	522,759	522,375	384	
Operating Expenditure	696,809	588,911	522,607	66,304	(u)
Surplus/(Deficit)	(309)	(66,152)	(232)	(65,920)	(u)
Capital Expenditure	-	6,308	-	6,308	

Expenditure: A unfavourable variance occurs due to consultants fees being higher than budget and the inclusion of expenses for the former CEO.

STORMWATER

	STORMWATER				f/(u)
	Budget		Budget	Variance	
	FYR	YTD	YTD	\$	
	\$	\$	\$		
Operating Revenue	487,000	350,250	365,250	(15,000)	(u)
Operating Expenditure	481,111	396,853	360,833	36,020	(u)
Surplus/(Deficit)	5,889	(46,603)	4,417	(51,020)	(u)
Capital Expenditure	297,622	82,266	148,811	(66,545)	(u)

Revenue: An unfavourable variance occurs due to a mysterious \$20,000 fees and charges budget.

Expenditure: An unfavourable variance occurred due to depreciation being higher than budget.

Capital: A favourable variance is due to capital works being delayed, pending confirmation of funding sources.

WASTEWATER

	WASTEWATER				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	802,000	596,549	601,500	4,951	
Operating Expenditure	719,121	556,930	539,341	17,589	(u)
Surplus/(Deficit)	82,879	39,619	62,159	(22,540)	(u)
Capital Expenditure	805,000	265,793	603,750	(337,957)	(f)

Expenditure: An unfavourable variance occurred due to the budget not adequately covering the contract costs on this this activity.

Capital: A favourable variance is due to capital works being delayed.

WATER SUPPLY

	WATER SUPPLY				
	Budget	Actual	Budget	Variance	f/(u)
	FYR	YTD	YTD	\$	
	\$	\$	\$		
Operating Revenue	2,235,800	1,730,520	1,676,850	53,670	(f)
Operating Expenditure	1,994,199	1,561,441	1,495,649	65,792	(u)
Surplus/(Deficit)	241,601	169,078	181,201	(12,122)	(u)
Capital Expenditure	1,040,000	1,258,988	780,000	478,988	(u)

Revenue: A favourable variance occurs due metered water being over budget.

Expenditure: An unfavourable variance occurs due to depreciation being higher than budgeted and some higher than expected repairs and maintenance costs.

Capital: An unfavourable variance occurs due to \$473,000 of carry forward expense on Hokitika Water. There was also some unbudgeted renewals expenditure.

SOLID WASTE

	SOLID WASTE				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	2,130,109	1,275,913	1,597,582	(321,669)	(u)
Operating Expenditure	2,130,000	1,382,235	1,597,500	(215,265)	(f)
Surplus/(Deficit)	109	(106,322)	82	(106,404)	(u)
Capital Expenditure	840,000	107,942	630,000	(522,058)	(f)

Overall Variance Comment: The overall variance in the Solid Waste Budget Operating Revenue of \$321,669 is due to the income entered for Butler's Landfill which was never going to be collected. This was an oversight in the 12/13 budgets left over from the 11/12 budgets when a levy (\$184 per tonne) was applied at Butler's to cover the cost of Butler's. When the gate fees returned to Council (under the new Mastagard Contract) and went to \$475 per tonne this item should have been removed from the budget. Apart from this oversight, the spreadsheet shows the activity is running to budget in revenue and on/under budget in expenditure. A favourable variance in capital expenditure is due to capital works being delayed, pending confirmation of funding sources.

TRANSPORTATION

	TRANSPORTATION				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	3,845,290	1,966,590	2,883,968	(917,377)	(u)
Operating Expenditure	5,231,550	3,626,314	3,923,663	(297,349)	(f)
Surplus/(Deficit)	(1,386,260)	(1,659,723)	(1,039,695)	(620,028)	(u)
Capital Expenditure	3,716,550	1,192,553	2,787,413	(1,594,860)	(f)

Revenue: An unfavourable variance occurs due to timing of NZTA claims and expenditure being behind budget.

Expenditure and Capital: A favourable variance occurs due to all expenditure and capital not being recognised as at 31 March however it is anticipated that this budget will be in line with actual at year end.

OTHER INFRASTRUCTURAL ASSETS AND SERVICES

	OTHER INFRASTRUCTURAL ASSETS & SERVICES				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	800,326	625,082	600,245	24,837	(f)
Operating Expenditure	753,069	764,676	564,802	199,875	(u)
Surplus/(Deficit)	47,257	(139,595)	35,443	(175,037)	(u)
Capital Expenditure	220,000	252,398	165,000	87,398	(u)

	Land & Buildings				Public Toilets			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	227,326	194,507	170,495	24,012 (f)	174,000	130,500	130,500	-
Less Operating Expenditure	257,860	427,032	193,395	233,637 (u)	174,081	133,653	130,561	3,093
Surplus/(Deficit)	(30,534)	(232,525)	(22,901)	(209,624) (u)	(81)	(3,153)	(61)	(3,093)
Capital Expenditure	-	29,104	-	29,104 (u)	-	-	-	-

Land and Buildings

Revenue: A favourable variance occurs due to \$70,000 capital gain on sale of property sold at Ross. (Book value at \$175,000 sold for \$245,000)

Expenditure: An unfavourable variance occurs due to costs of sales at \$100,000 on properties sold on the Council's behalf. Insurance costs \$27,000 higher than budgets. There is a loss on disposal of land at a cost of \$74,000. Unbudgeted depreciation expense of \$10,522.

Capital: An unfavourable variance is due to the costs associated with land sold at Kanieri. This is a miscoding and should be included in expenditure.

	Community Township Development				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	399,000	300,075	299,250	825	
Less Operating Expenditure	321,128	203,991	240,846	(36,855)	(f)
Surplus/(Deficit)	77,872	96,084	58,404	37,680	(f)
Capital Expenditure	220,000	223,294	165,000	58,294	(u)

Community Township and Development

Expenditure: A favourable variance occurs as no actual contractor maintenance costs have been attributed to Franz Josef.

Capital: An unfavourable variance is due to the spending of carry forward projects.

ADMINISTRATION - OVERHEADS

	ADMINISTRATION SUMMARY				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	863,603	2,309,579	647,702	1,661,877	(f)
Operating Expenditure	4,074,250	2,843,391	3,055,688	(212,297)	(f)
Surplus/(Deficit)	(3,210,647)	(533,812)	(2,407,985)	1,874,173	(f)
Capital Expenditure	115,000	91,482	57,500	33,982	(u)

	Corporate Services					Chief Executive				
	Budget FYR	Actual YTD	Budget YTD	Variance \$	f/(u)	Budget FYR	Actual YTD	Budget YTD	Variance \$	f/(u)
Operating Revenue	\$ 112,700	566,583	84,525	482,058	(f)	6,500	341,365	4,875	336,490	(f)
Less Operating Expenditure	1,539,820	885,658	1,154,865	(269,207)	(f)	378,702	341,365	284,027	57,338	(u)
Surplus/(Deficit)	(1,427,120)	(319,075)	(1,070,340)	751,265	(f)	(372,202)	0	(279,152)	279,152	(f)
Capital Expenditure	115,000	88,864	57,500	31,364	(u)	-	473	-	(473)	

Corporate Services

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

Expenditure: A favourable variance occurs due to wages and overhead costs being under budget.

Capital: An unfavourable variance is due to the purchase of the IBIS Rates modelling software of \$29,000 and a miscoding of \$2,000.

Chief Executive

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

Expenditure: An unfavourable variance occurs due to lower than expected salary costs.

	IT					Operations Administration				
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Operating Revenue	2,600	84,971	1,950	83,021	(f)	10,000	445,508	7,500	438,008	(f)
Less Operating Expenditure	123,078	88,195	92,309	(4,113)		681,078	445,508	510,809	(65,300)	(f)
Surplus/(Deficit)	(120,478)	(3,224)	(90,359)	87,134	(f)	(671,078)	0	(503,309)	503,309	(f)
Capital Expenditure	-	-	-	-		-	-	-	-	

IT

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

Operations Administration

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

Expenditure: A favourable variance occurs due to some salary costs being charged to the in house professional services budget.

	Planning & Regulatory Manager				In House Professional Services			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	5,000	256,611	3,750	252,861 (f)	437,000	373,451	327,750	45,701 (f)
Less Operating Expenditure	361,057	256,611	270,793	(14,182) (f)	700,712	516,739	525,534	(8,795)
Surplus/(Deficit)	(356,057)	0	(267,043)	267,043 (f)	(263,712)	(143,287)	(197,784)	54,497 (f)
Capital Expenditure	-	199	-	199	-	1,560	-	1,560

Planning and Regulatory Manager

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

Expenditure: A favourable variance occurs due to salary costs and rental being under budget.

In House Professional Services

Revenue: A favourable variance occurs due to charging overhead recoveries to all other council activities. This recovery was not budgeted for in the LTP.

	Jacksons Bay Wharf				Airport			
	Budget FYR	Actual YTD	Budget YTD	Variance	Budget FYR	Actual YTD	Budget YTD	Variance
	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenue	-	18,017	-	18,017 (f)	-	13,329	-	13,329 (f)
Less Operating Expenditure	-	21,712	-	21,712 (u)	-	13,914	-	13,914 (u)
Surplus/(Deficit)	-	(3,695)	-	(3,695)	-	(585)	-	(585)
Capital Expenditure	-	-	-	-	-	-	-	-

Jacksons Bay Wharf

Revenue: A favourable variance occurs due to some recoveries being made on costs paid on behalf of Jacksons Bay wharf this has been offset in expenditure.

Expenditure: is over-spent due to the budget not reflecting depreciation charges and insurance recoveries which is offset by the revenue above.

Airport

Revenue: A favourable variance occurs due to some recoveries being made on costs paid on the Airports behalf. This has been offset in expenditure.

Expenditure: An unfavourable variance occurs due to recoverable insurance which is offset in revenue above.

	Franz Airport				Vehicles			
	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$ f/(u)
Operating Revenue	-	940	-	940	-	52,232	-	52,232 (f)
Less Operating Expenditure	-	940	-	940	-	51,849	-	51,849 (u)
Surplus/(Deficit)	-	-	-	-	-	383	-	383
Capital Expenditure	-	-	-	-	-	-	-	-

Vehicles

While income and expenditure is not budgeted, as these costs are fully allocated to activities, where budgets do exist, this variance is not significant.

	Community Assistance				
	Budget	Actual	Budget	Variance	
	FYR	YTD	YTD	\$	f/(u)
	\$	\$	\$		
Operating Revenue	289,803	156,571	217,352	(60,781)	(u)
Less Operating Expenditure	289,803	220,900	217,352	3,548	
Surplus/(Deficit)	-	(64,329)	-	(64,329)	(u)
Capital Expenditure	-	-	-	-	-

Community Assistance

Revenue: An unfavourable variance occurs due to not all overhead recoveries for this activity being fully allocated at 31 March.

Appendix 2: Reserves Report

Q3 Reserves Report

1.0 SUMMARY

- 1.1 Council adopted a revised reserves position in February 2013, aligning reserve balances with available funding.
- 1.2 Reserves are divided into two categories:
- 1.2.1 Restricted Reserves: These reserves can only be used for the purpose as set out in either legislation or by the funder.
 - 1.2.2 Council Created Reserves: These reserves exist solely at the discretion of Council, as a matter of good business practice.
- 1.3 There is very little movement in reserves this year. Some deposits have occurred from outside of Council, e.g. reserves contributions. Withdrawals are only made where it is approved by Council. Due to Council's financial circumstances no deposits for interest or funded depreciation will occur in the 2012/13 financial year. Council is planning to make these deposits in 2013/14.

Restricted Reserves

Name	Purpose / Activities	Notes	Balance	Deposits	Withdrawals	Balance
			1-Jul-12			31-Mar-13
			\$000	\$000	\$000	\$000
Offstreet Parking	Collected for off-street parking. Imposed by RMA/District Plan		28	-	-	28
Reserve Development	Monies collected from developments. Imposed by RMA/District Plan.		510	36	-	546
Museum Assistance Fund	Originally the Museum Bequest Fund & Carnegie Furnishings.		18	-	-	18
Kumara Endowment Fund	Proceeds from sale of endowment land for the purpose of the Borough.		298	-	-	298
Euphemia Brown Bequest	From the estates of Euphemia & William E Brown. To provide Christmas cheer or comfort for orphan children, or aged or infirm persons residing in and around Hokitika.		23	-	-	23
Waiho River-Franz Josef	Money from the Crown to pay for relocation of properties south of the Waiho river.		332	-	-	332
Mayors Trust Funds	Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust.		30	1	0.3	31
Ross Endowment Land	Proceeds from sale of endowment land for the purpose of the Borough.		238	-	-	238

Driveway deposits	Bond collected from developers and held until works complete		156	-	-	156
Big Brothers Big Sisters	Grant funding received		1	-	-	1
Community Patrol	Grant funding received		3	-	-	3
Graffiti	Grant funding received		1	-	-	1
Taxi Chits	Grant funding received		1	-	-	1
Total Restricted Reserves			1,675	1	0.3	1,676

Council Created Reserves

Name	Purpose / Activities	Notes	Balance	Deposits	Withdrawals	Balance
			1-Jul-12			31-Mar-13
			\$000	\$000	\$000	\$000
Foreshore Protection Fund	Foreshore Protection for groin replacement on the foreshore.		24	-	-	24
Glacier Country Promotions	Targeted rates collected from Glacier Country to provide funding for marketing projects.		77	-	-	77
Three Mile Domain	To fund Three Mile Domain costs.		227	-	-	227
The Preston Bush Trust	Mr Preston donated the reserve to Council. This fund was for the community to beautify the bush with tracks and interpretation boards.		6	-	-	6
Harihari Community Complex	The Harihari Pony Club land was sold and the funding was to go towards a new community complex. (Another \$100,000 is allocated from the Reserve Development Fund.)		289	-	-	289
Guy Menzies Day	Surplus from Guy Menzies Day Event.		6	-	-	6
Emergency Contingency Fund	Rates collected to support Westland in a Civil Defence emergency.		45	-	-	45
Transportation Asset Renewal	For funding the renewal of roads and bridges.		-	-	-	-
Water Renewal	For funding the renewal of water supplies networks		-	-	-	-
Waste Water Renewal	For funding the renewal of sewerage and sewage networks		-	-	-	-
Stormwater Renewal	For funding the renewal of stormwater systems		-	-	-	-
Solid Waste Renewal	For funding the renewal of Refuse transfer Stations and landfills.		-	-	-	-
Landfill Post Closure Provision	For funding the aftercare costs for closed landfills.		-	-	-	-
Parks Renewal	For funding Parks, Reserves, Public Toilets, Ross Pool and Cemeteries Asset Renewal		-	-	-	-
Buildings Renewal	For renewal of all Council operational buildings.		-	-	-	-
Administration Renewal	For renewal of office equipment, furniture, technical equipment, vehicles and technology		-	-	-	-
Library Book Renewals	To replace library books		-	-	-	-
Total Council Created Reserves			674			674

Total All Reserves			2,349			2,350
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Q3 Treasury Report

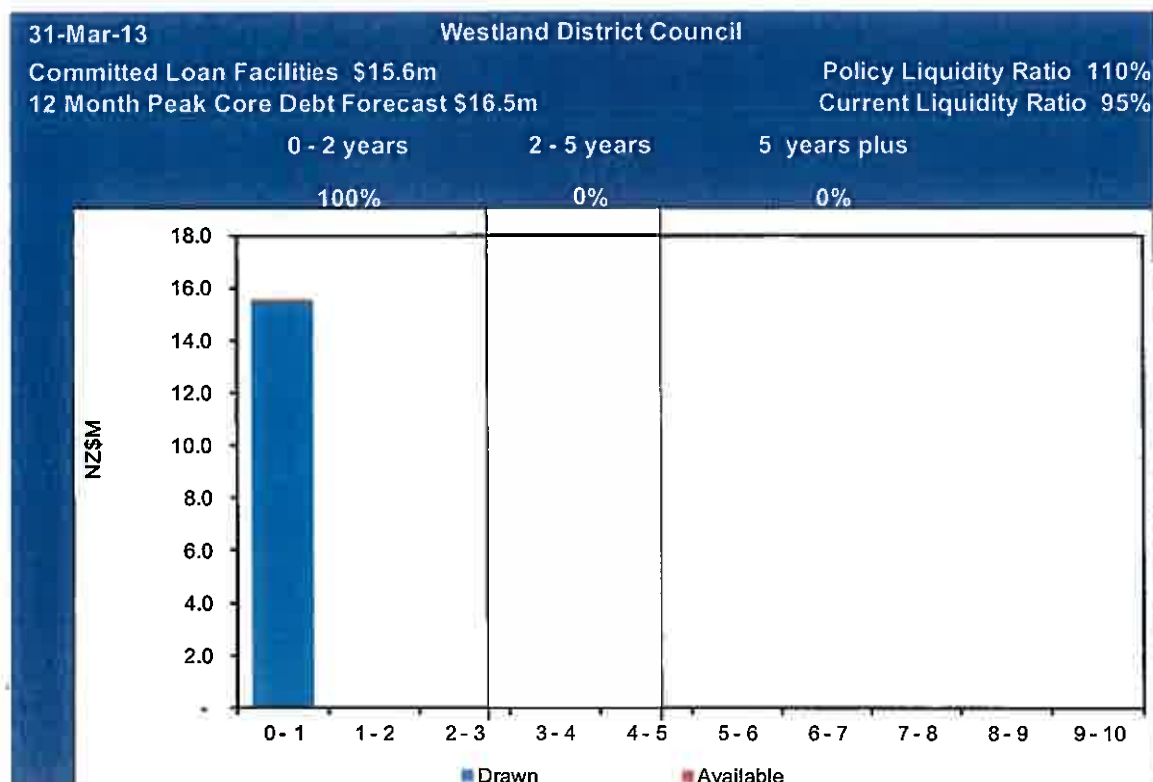
1.0 SUMMARY

- 1.1 The purpose of this report is to provide an update on Council's Treasury Position as at 30 March 2013.
- 1.2 This report shows the Council's position for the following items:
 - 1.2.1 Loans
 - 1.2.1.1 Other Borrowings (if any)
 - 1.2.1.2 Swaps
 - 1.2.2 Internal borrowing
 - 1.2.3 Cash Investments
 - 1.2.3.1 Deposits
 - 1.2.3.2 Bonds
 - 1.2.4 Debtors
- 1.3 Council has contracted PWC as an independent treasury adviser. They are part way through identifying our current position and formulating recommendations for changes to our treasury policies and products.
- 1.4 From PWC's early work a number of breaches of Council's Borrowing and Investment Policies have been identified and are included in this report. These breaches mean that Council is taking more risk than it intended to when the policies were approved in June 2012. It is noted that this higher risk position has existed since well before the policy was adopted.
- 1.5 Council can expect to receive regular reports on and make resolutions on its Treasury strategies.

2.0 LOANS

- 2.1 Council has a Multi-Option Credit Line (MOCL) with Westpac Bank. This facility has been in place for a number of years. The limit on the MOCL is \$15.5m and Council has almost borrowed to that limit. This facility is essentially a series of short-term borrowings.

- 2.2 This chart illustrates the Council's position in relation to the debt facility. It demonstrates the likely need to extend the facility and restructure the borrowing arrangements Council currently has in place.



- 2.3 Council's policies require that we have liquidity cover of 110% of forecast debt, we currently have this at 95%. The policy also requires that no more than 50% of the debt matures in any year, currently 100% matures in year 1.

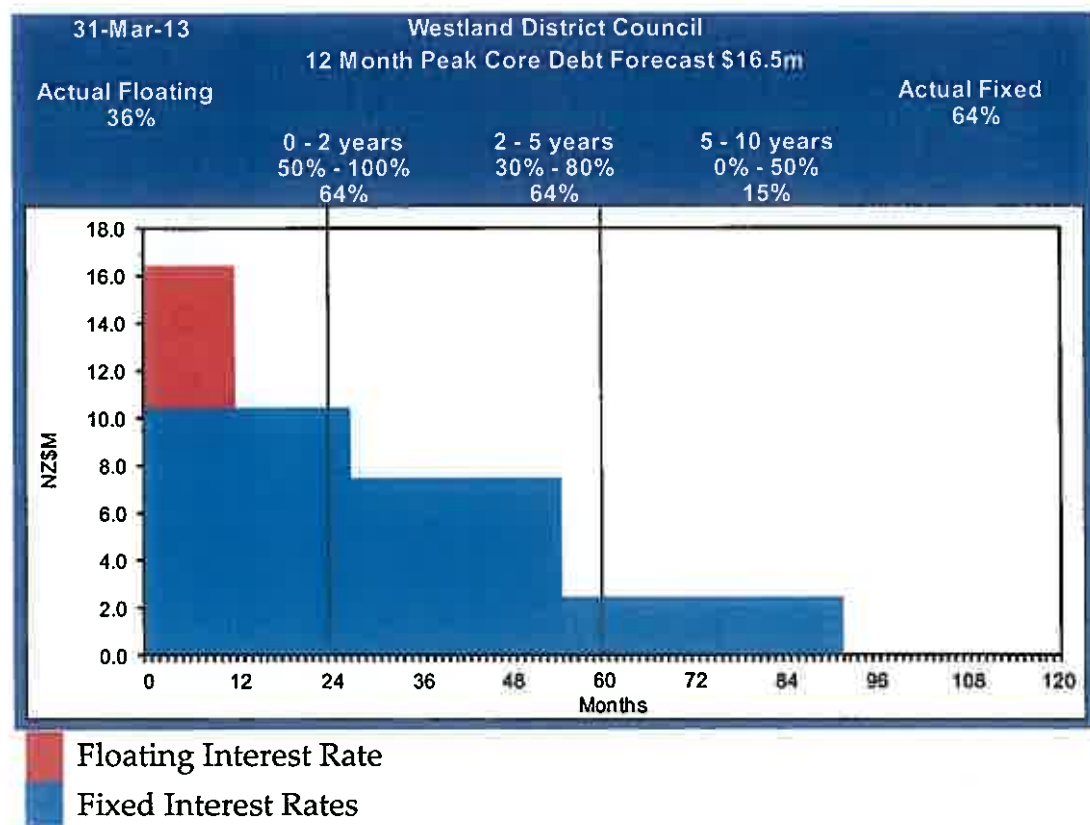
- 2.4 As at 31 March 2013, the Money Market Lending Statement shows:

Amount	Rate	Maturity
\$7,470,352	3.70%	02/04/2013
\$8,028,000	3.69%	17/04/2013
\$15,498,352	Total	

- 2.5 Council also has an \$800,000 overdraft facility with Westpac bank.
- 2.6 Other borrowings include a Mortgage on a Pensioner Property in Ross. Balance owing as at 31st March 2013 is \$1,523.00. This loan has since been repaid.
- 2.7 Swaps in place to protect against fluctuating interest rates are as follows:

Amount	Rate	Maturity
\$3,000,000	5.35%	17/06/2015
\$2,500,000	4.55%	17/11/2020
\$5,000,000	5.99%	01/10/2017
\$10,500,000	Total	

- 2.8 The following shows our current debt position and the amount of debt protected by interest rate swaps:



- 2.9 Council policy requires interest rate risk management within the ranges specified in the chart and that all KPI's are met.

3.0 INTERNAL BORROWING

- 3.1 At present Council does not have any internal borrowing owing to its lack of reserves.

4.0 CASH INVESTMENTS

- 4.1 The Finance Unit is now developing cashflow monitoring of Council's cash position. When fully implemented cash forecasts will be updated weekly paying particular attention to the next month's cashflow expectations, a little less attention to three monthly projections and always showing a 12 month rolling forecast.

4.2 Cash Deposits

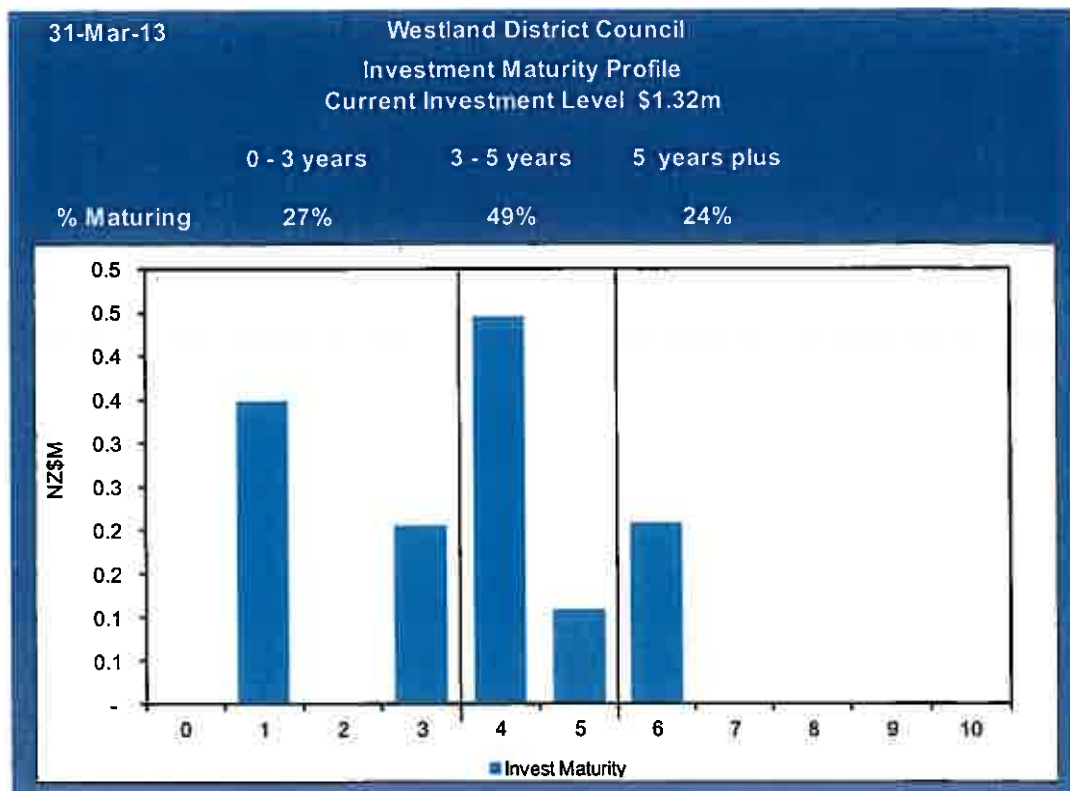
- 4.2.1 Closing balance of WDC Operational Account: \$208,579.80
- 4.2.2 Westland Business Unit account: \$4,896.25. Account closed 1st April 2013.
- 4.2.3 Term Deposit of \$1,200,000 maturing 18th of April 2013.

4.3 Bonds

- 4.4 WDC Westpac Bond Portfolio valued at \$2,101,137 at 31st March 2013, including \$1.5m in bonds and \$0.6m in cash from matured bonds.

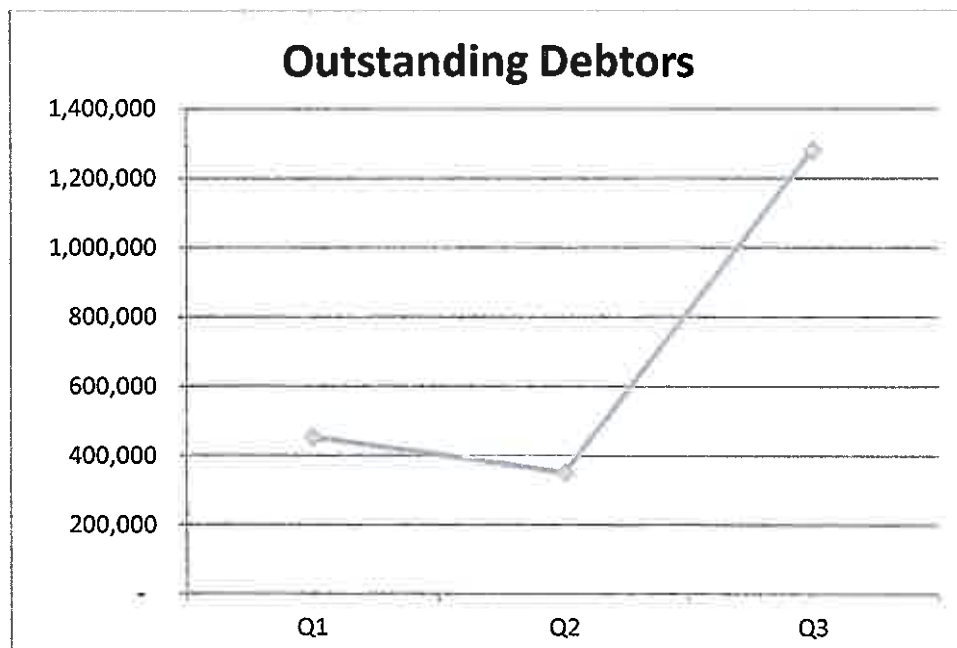
Westland District Council Investment Counterparty Credit Limits				
Minimum Credit Rating is A-1/A (A+ for corporates)		Policy Limits	Counterparty Exposure	Policy Compliance
Counterparty Credit Risk	Credit Rating	NZD\$m	NZD\$m	
ANZ	AA-	1.00	0.10	Y
ASB	AA-	1.00	0.19	Y
Auckland Council	AA	1.00	0.11	Y
Auckland Int Airport	A-	1.00	0.21	N
BNZ	AA-	1.00	0.21	Y
Rabobank	A-	1.00	0.24	Y
Telstra Corporation	A	1.00	0.16	N
Westpac	AA-	1.00	0.10	Y
TOTAL			1.62	

- 4.5 The policy requires that bond investments are with parties that have a credit rating of S&P A or better. Two bonds have rating below this limit. The policy also has a limit of \$1m exposure per entity; all exposures are within this limit.
- 4.6 The following chart illustrates the maturity profile of the WDC investment portfolio:



5.0 DEBTORS

- 5.1 Council received an update on Council's outstanding receivables and rates in March 2013.



Note: The third quarter figures include invoices to Ministry of Economic Development for funding of the cycle trail.

