



Notice of a meeting of the

Finance, Audit and Risk Committee

in the

Council Chamber, Third Floor, Waitaki District Council
Headquarters, 20 Thames Street, Oamaru

On Wednesday 10 May 2017

(Following Council)

MEMBERSHIP:

Cr Wollstein (Chair)
Cr Dawson
Cr Hopkins

Mayor Kircher (ex Officio)
Cr Garvan
Cr Percival

*In the interests of the environment and to help reduce photocopying costs,
please bring your Committee agenda with you to the meeting*

Finance, Audit and Risk Committee

Wednesday 10 May 2017

Council Headquarters, Council Chamber
3rd Floor, 20 Thames Street, Oamaru

- Apologies
- Declarations of Interest

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Waitaki District Council

Finance, Audit and Risk Committee

Minutes of Finance, Audit and Risk Committee meeting of the Waitaki District Council held in the Council Chamber, Council Headquarters, 20 Thames Street, Oamaru on Wednesday 12 April 2017 at 9.00am

Present: Crs Wollstein (Chair), Mayor Kircher, Crs Dawson, Garvan, Hopkins, Percival

Apology:

In Attendance: Cr Tavendale
Cr Kingan
Cr Holding
Cr Wheeler
Mr Hope (Acting Chief Executive)
Mrs Baillie (Customer Services Group Manager)
Mr Wells (Accounting Manager)
Mrs Julius (Property Manager)
Mr Pacey (Water Services and Waste Manager)
Mrs Tanner (Policy Officer - Governance)

Declarations of Interest

There were no declarations of interest.

1. Confirmation of Minutes

RESOLVED
FAR17/013 Crs Hopkins/Dawson
"That the Finance, Audit and Risk Committee confirms meeting minutes of 15 March 2017."

CARRIED

2. Financial Report – Period 8

This financial report covers the year to date position at 28 February 2017, and shows that all business units and activities continue to operate close to or better than budget.

RESOLVED
FAR17/014 Crs Hopkins/Garvan
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

3. Corporate Group Activity Report to 31 March 2017

This memorandum provides an update to the committee on various finance and information management related matters.

RESOLVED
FAR17/015 Crs Hopkins/Dawson
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

4. Audit New Zealand Management Report

To update the Committee on the proposed response to the management report issued by Audit New Zealand subsequent to the completion of the audit of the Annual Report for the year ended 30 June 2016.

RESOLVED
FAR17/016

Cr Hopkins/Mayor Kircher
"That the Finance, Audit and Risk Committee recommend that a report be presented to the Assets Committee in a timely manner outlining systems to be implemented to enable reports against the mandatory footpath performance measure."

CARRIED

RESOLVED
FAR17/017

Crs Dawson/Hopkins
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

5. Rating Adjustment – Gards Road, Otekaieke

To clear the rates on a property that was charged rates but was subsequently determined to be non-rateable.

RESOLVED
FAR17/018

Crs Dawson/Hopkins
"That the Finance, Audit and Risk Committee recommends to Council that all outstanding rates and arrears on assessment number 101329, a property owned by the Department of Conservation on Gards Road, Otekaieke, be written off."

CARRIED

There being no further business the Chairman declared the meeting closed at 10.00am.

Confirmed on this day, 10th May 2017 at Waitaki District Council Chambers, Oamaru.

Chairman

Finance, Audit and Risk Committee Memorandum

From Chief Financial Officer

Date 10 May 2017

Financial Report – Period 9 / Quarter 3

Recommendation

That Council receives the information.

Financial Overview

This financial report covers the third quarter of the 2016-17 financial year, and shows that Council has continued its strong start to the year. All activities are operating close to or better than budget for the year to date and expectations, both in terms of revenue and expenditure, are for this to continue.

Key factors affecting the timing of budgeted expenditure and revenues are changing work flows between winter and summer and the design and construction cycle of projects, particularly those related to new and renewal capital works. Budgets have been spread across the year to reflect the expected operating patterns, but this timing may change as managers become aware of delays or other issues.

Commentary

The financial reports show an operating surplus of \$1.926m against a budgeted surplus for the same period of \$513k. Overall reported revenue is ahead of budget by \$1.159m, with most revenue categories reporting on or over budget. Expenditure is also tracking below budget, by \$254k. Details of some of the more significant variances are provided below.

GAAP Financial Reports – refer Appendix (a)

Note that these reports are presented in the format required for Council's external financial reports. While they are based on information provided in the variance reports appearing in Appendix (b), that information is re-stated to meet financial reporting standards and so the two sets of reports don't necessarily align.

Variance Report – refer Appendix (b)

The overall "controllable" operating position noted in the variance reports shows a favourable variance of \$2,683m (Revenue favourable \$2.219m, Expenditure favourable \$464k) when compared to budget. These variances arise due to a number of factors, including decisions made by Council, deferred or delayed projects and other timing issues, and significant items are discussed in the analysis below.

The key variances in line items are as follows:

User Charges –

These are ahead of budget by \$1.132m, due primarily to revenues from the Landfill exceeding budget by \$879k. The budget anticipated the closure of the facility at the end of September, so all revenue from this source from that time until the facility closed in April 2017 represents unbudgeted income. Property rentals are also ahead of budget by \$215k and camping fees received to date are better than budget by \$51k.

Grants, Subsidies, and Contributions –

Government Grants, which include the NZTA Roding subsidy and funding for the Alps2Ocean cycle trail construction are over budget by \$198k due mainly to the timing of the roading works programme.

Other Grants and donations are reported under budget by \$40k, but this will turn around as further funding is received for elements of the cycle trail.

Development and Financial Contributions exceed budget by \$156k. The effect of this is most apparent in the areas of Roding (\$160k over budget) and RMA contributions (\$56k over budget). DCs received

for Oamaru Water and Sewer are over budget, but generally those for other schemes are under budget.

Finance Income –

Interest earned to the end of March amounted to \$865k, \$12k over budget. This reflects improving interest rates and the fact that Council has more funds available for investment than was anticipated. Property sales and the deferral of a number of projects have contributed to this position. As usual, officers continue to maximise available returns where practical, and will look to establish relationships with second tier banks as opportunities arise.

Whitestone Contracting Ltd has provided a dividend of \$150k, \$30k better than was budgeted, and has also made an unbudgeted subvention payment of \$640k. Council has already committed \$695k of these funds – refer appendix (d) for details.

Other Revenue –

Rates penalties are under budget by \$60k, following adjustments made to recognise the impact of debts affected by the rating sales, otherwise income in this category is fairly close to budget.

Employee costs –

These costs are under budget by \$156k for the nine months to March. Overall salaries and wages are \$220k under budget, and the annual ACC levy was under budget by \$28k. The cost of salaries and wages fluctuates during the year as positions become vacant and are then filled, but the saving on the ACC levy is permanent. Where a key position is subject to a vacancy, external support is often sourced – this cost is termed “backfill”. Significant variances from budget in salaries and wages are detailed below, together with the cost of such external support.

	Salaries & Wages \$	Backfill \$	Comment
Information Services	24	-	New Manager & structure
Customer Services Manager	35	-	Termination - will revert to budget by year end
Financial Services	(55)	-	Analyst vacancy
Planning	(31)	-	Planner & Biodiversity vacancies
Policy Development	(66)	23	Maternity leave, vacancy
Regulatory Services	(57)	18	Building Inspector vacancies
Aquatic Centre	(16)	-	Seasonal staff, maintenance closure
Emergency Services	(43)	41	New structure, Backfill is payments to ORC
Other	(11)		
	<u>(220)</u>	<u>82</u>	

Contractors and Professional Services –

Taken together, these categories are under budget by \$255k. However, as this is on a total budget of just over \$11m, this is a small overall variance. This does indicate that generally operational projects and programmed routine maintenance functions are running as planned, there is some variance at the activity level that should be noted, in particularly the three waters area where there has been an increase in repairs after several years of limited breaks and other failures. The variance will also reduce as the district plan review process increases in tempo.

Operational –

Savings are reported for both insurance premiums (\$47k), which is likely to be a permanent saving, and electricity (\$86k). Much of the saving in electricity is driven by the Water and Sewer activities where, due to increased rainfall, less pumping has been required.

Administration –

The most significant variance in this category is bad debts expense. This is currently over budget by \$252k as a consequence of processing estimated movements following the recent rating sales process. Further changes are likely as this assessment is refined, aspects of these transactions are clarified and finalised, and the doubtful debt provision is recalculated.


Capital Expenditure –

Overall capital expenditure is down on budget by \$4.235m (Underspent: Roading by \$376k, Water by \$3.317m, Sewer by \$848k, IT by \$343k, Alps2Ocean by \$181k. Overspent: Property by \$1.559m).

The overspend in Property is largely related to the upgrading of the Penguin facility and works associated with the RSA building and with Council's own Headquarters building.

Much of the under-budget positions are due to deferred or delayed projects, which in turn, has resulted in more funds available for investment. The situation is unlikely to correct itself significantly by the end of the financial year.

The Statement of Comprehensive Revenue and Expense reports an overall loss of (\$765) in the category, "Other Gains and Losses". This reflects estimated amounts to be written off in relation to early planning for the Gallery redevelopment, elements of work on the RSA building and losses realised on disposal of the Cirrus Place subdivision. Certain items have still to be finalised, and further costs are anticipated as analysis of other capital work in progress is completed.



Ian Wells
Accounting Manager



Paul Hope
Chief Financial Officer

Attachments

- Appendix (a) – Third Quarter Financial Reports
- Appendix (b) – Quarterly Treasury Report
- Appendix (c) – Special Funds
- Appendix (d) – WCL dividend allocations and balance
- Appendix (e) – Variance Reports and Commentaries

Appendix (a) – Third Quarter Financial Reports

Statement of Comprehensive Revenue and Expense

for the nine months ended 31 March 2017

	Council Only			
	2017 9 Months Actual \$000	2017 9 Months Budget \$000	2017 12 Months Budget \$000	2016 12 Months Actual \$000
Revenue				
Rates Revenue	22,766	22,742	30,385	30,375
User Charges	4,671	3,659	4,059	6,410
Regulatory Charges	1,123	1,065	1,354	1,289
Development and RMA Contributions	602	446	595	545
Government Grants and Subsidies	5,046	5,123	8,009	6,574
Other Grants and Donations	282	247	1,105	677
Finance Revenue	866	853	1,137	1,264
Petrol Tax	142	142	190	192
Infringements and Fines	80	47	54	38
Dividend and Subvention Payments	790	120	120	562
Assets vested in Council	-	-	-	63
Other gains and Losses	(765)	-	-	(2,672)
Total Revenue	35,603	34,444	47,008	45,317
Expenses				
Personnel costs	8,006	8,140	10,665	9,914
Depreciation and amortisation	8,619	8,535	11,380	11,463
Finance Costs	-	-	-	-
Other expenses	17,052	17,256	22,307	22,620
Total Expenses	33,677	33,931	44,352	43,997
Surplus / (Deficit) before Tax	1,926	513	2,656	1,320
Income Tax Expense / (Refund)	-	-	-	-
Surplus / (Deficit) after tax	1,926	513	2,656	1,320
Other Comprehensive Revenue and Expense				
Gain/(Loss) on revaluation of Infrastructural Assets	5	-	-	5,824
Gain/(Loss) on revaluation of Properties	9,044	5,250	5,250	-
Other Comprehensive Revenue	-	-	-	-
Total Other Comprehensive Revenue and Expense	9,049	5,250	5,250	5,824
Total Comprehensive Revenue and Expense	\$10,975	\$5,763	\$7,906	\$7,144

Appendix (a) – Third Quarter Financial Reports (continued)

Statement of Financial Position

As at 31 March 2017

	Council Only		
	2017 Actual \$000	2017 Budget \$000	2016 Actual \$000
Public Equity			
Ratepayers' Equity	310,208	310,208	310,208
Revaluation Reserve	416,225	414,526	407,181
Operating Reserve	22,927	26,378	19,271
Other Reserves	15,383	14,575	14,237
Total Public Equity	\$764,743	\$765,687	\$750,897
Non-Current Assets			
Property Plant and Equipment	719,505	726,558	709,232
Intangible Assets	867	839	895
Forestry	253	72	253
Inventory	2,519	1,735	2,519
Other Financial Assets			
- Investments in CCO's	4,912	4,912	4,912
- Investments in other entities	145	145	145
- Loans to other entities	22,253	25,650	17,663
	750,454	759,911	735,619
Current Assets			
Cash and Cash Equivalents	3,976	1,775	2,463
Receivables	4,175	4,125	4,259
Prepayments	294	340	356
Inventory	25	15	29
Other Financial Assets			
- Term deposits	11,250	6,500	14,750
- Loans to other entities	1	1	1
Assets held for Sale	441	-	441
	20,162	12,756	22,299
Total Assets	770,616	772,667	757,918
Non-Current Liabilities			
Provisions	387	285	387
	387	285	387
Current Liabilities			
Trade and Other Payables	4,200	5,545	5,270
Employee Entitlement Liabilities	937	975	1,015
Provisions	349	175	349
	5,486	6,695	6,634
Total Liabilities	5,873	6,980	7,021
Net Assets	\$764,743	\$765,687	\$750,897

Appendix (a) – Third Quarter Financial Reports (continued)

Commentary on variance in the Financial Reports

Councillors will note that the line "Finance Costs" appearing in the Statement of Comprehensive Revenue and Expense records no cost. As many activities actually report finance costs, this may not seem sensible at first glance, and this brief comment is intended to remind committee members how the process related to internal loans works:

1. For external reporting purposes, and for the Statement of Comprehensive Revenue and Expense, the term "Finance Costs" equates to External Interest, being interest charged on external borrowings and overdrafts. Internally, the category "Finance Costs" includes interest charges and bank fees. Bank fees, for the purposes of external reporting, are treated as a component of Other Expenses.
2. Internal loans incur interest, which is charged to the activity which received the funding and is included in "Finance Costs" at the activity level. This charge is a notional cost, and reference to the Treasury activity will reveal a significant offsetting credit entry which clears internal interest charges across all of Council.

Appendix (b) –Quarterly Treasury Report

Treasury Overview

This report reviews treasury performance for the third quarter of the 2016-17 financial year, and includes projections of Council’s expenditure profile and anticipated investment maturity over the next twelve months. These projections include further loan drawdowns by the Observatory Village Charitable Trust based on the Trust’s anticipated requirements.

Interest rates continue to slowly improve, and we are now seeing rates of 4% or better for terms over nine months. Those increasing rates are reflected in the interest earned on funds lent to the retirement village development. The rates charged to NOIC on its \$17 million loan are still better than those currently available for periods of less than about six months, and hopefully we will see this rate increase for next year when it is set based on rates at 31 May 2017.

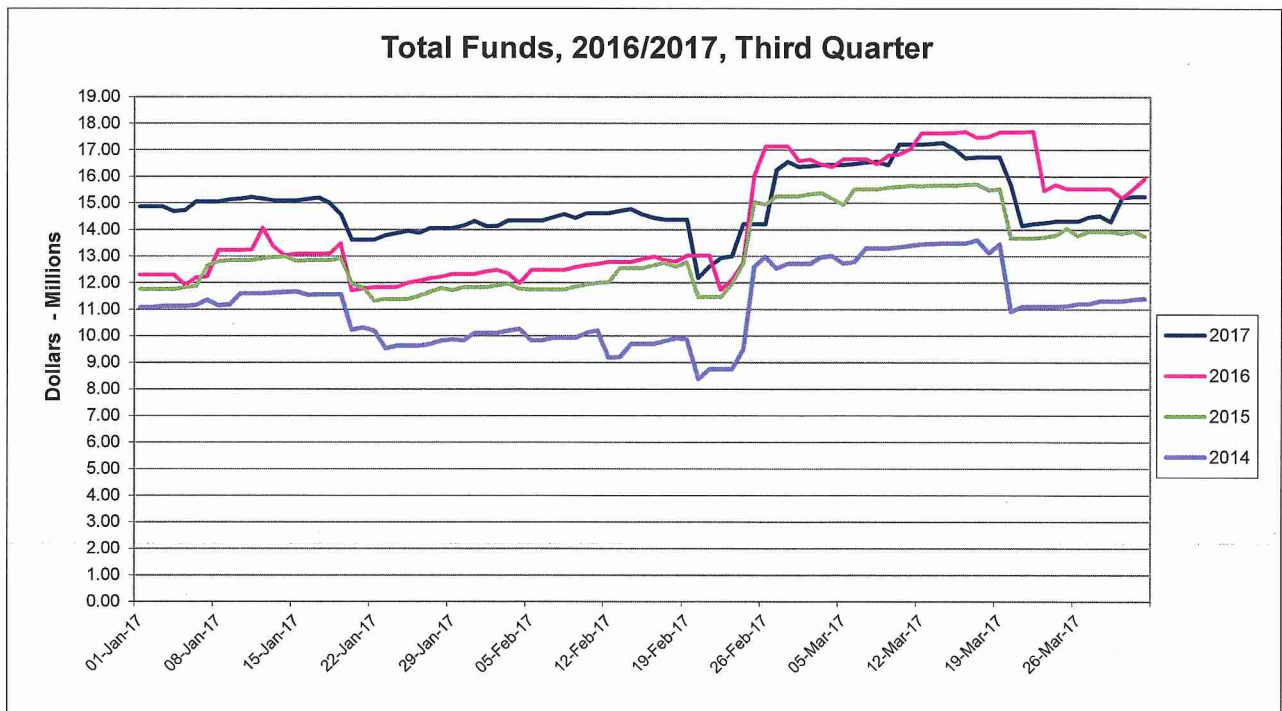
Council’s investment income was better than budget for the third quarter because it continues to hold more funds available for investment than was forecast. This position has arisen as a result of property sales, unbudgeted revenue from the landfill and the deferral of a number of capital projects.

Council utilises the four major New Zealand banks for deposits, and consequently enjoys the benefits of being able to compare rates when deciding on investment opportunities. These four banks are rated “AA” or better by Standard and Poors. Council has approved the limited use of five other “A” rated banks for investment purposes, and officers will consider involving these providers as opportunities arise. In the short term, however, it is unlikely that other banks will be required

Overall Cash Position

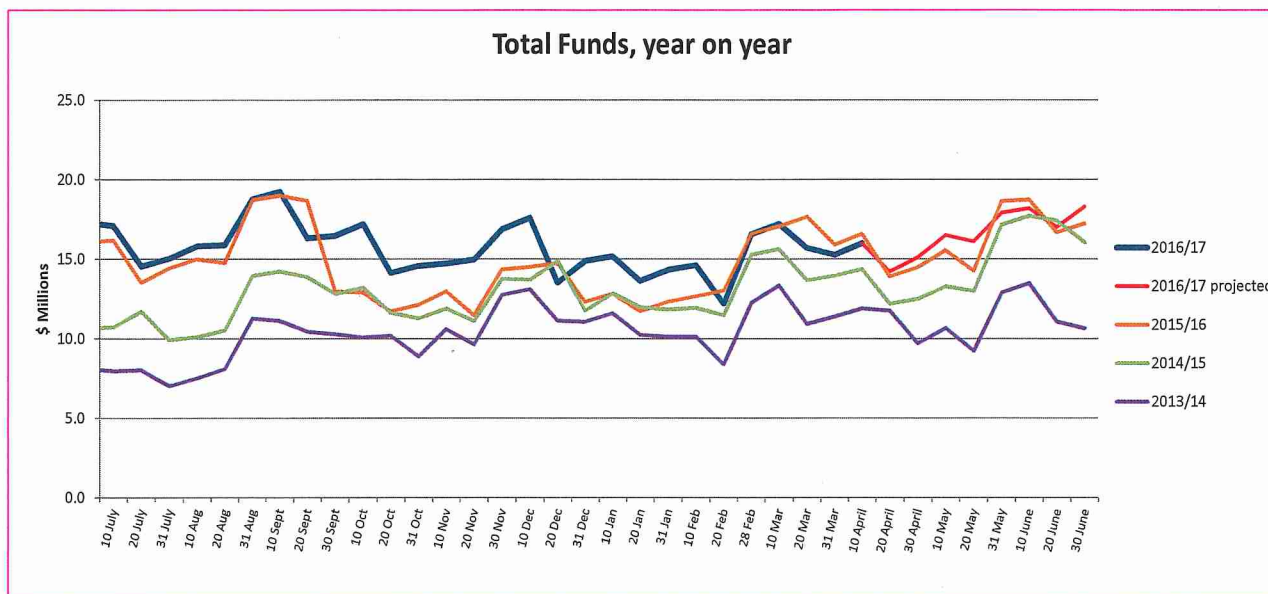
Every effort is being made to improve, or at least maintain, potential returns while ensuring sufficient funds remain available for normal operational requirements. Amounts invested are based on expected inflows and always allow a margin so no external borrowing will be required.

Total cash funds, third quarter movements



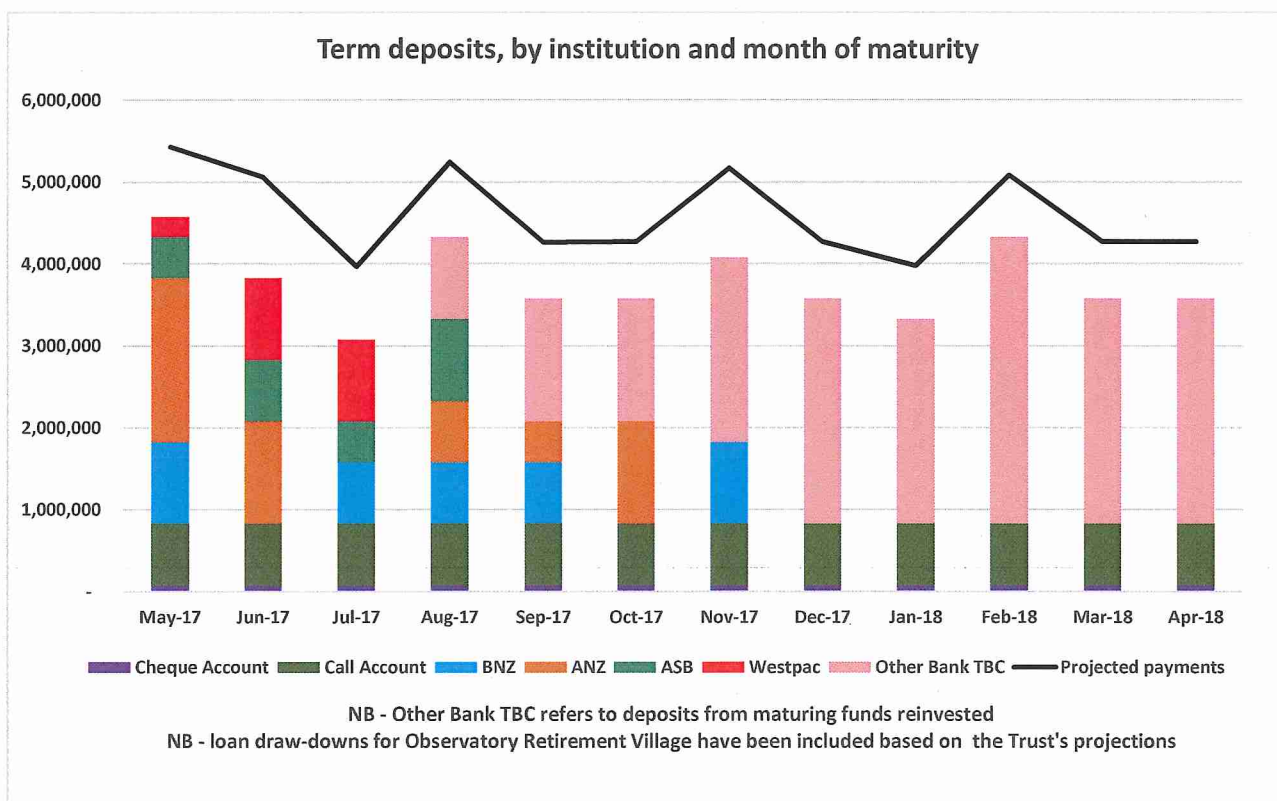
Appendix (b) –Quarterly Treasury Report (continued)

Total funds, actual and projected, 2016/17 financial year



Projected investment maturity and outgoings analysis

This graph represents likely cash outgoings and maturing investments by month. As always, the gap between available funds from bank deposits and projected expenditure is met by current month operating revenues. Payments projected anticipate drawdowns for the retirement village loan in line with the Trust's projections.



Appendix (b) –Quarterly Treasury Report (continued)

“Cash” Investment as at 31 March 2017

Institution	Original Term	Maturity Date	Rate	Amount
BNZ	266 days	22/05/2017	3.25%	\$1,000,000
BNZ	142 days	20/07/2017	3.23%	\$250,000
BNZ	118 days	20/07/2017	3.21%	\$500,000
BNZ	296 days	20/09/2017	3.60%	\$750,000
BNZ	216 days	09/11/2017	3.68%	\$1,000,000
Total BNZ				\$3,500,000
ANZ	81 days	19/05/2017	3.60%	\$1,000,000
ANZ	206 days	22/05/2017	3.50%	\$1,000,000
ANZ	112 days	19/06/2017	3.60%	\$500,000
ANZ	60 days	19/06/2017	3.20%	\$750,000
ANZ	210 days	19/09/2017	3.85%	\$500,000
ANZ	240 days	19/10/2017	3.90%	\$500,000
ANZ	270 days	20/10/2017	3.65%	\$750,000
Total ANZ				\$5,000,000
ASB	100 days	19/05/2017	3.10%	\$500,000
ASB	203 days	19/06/2017	3.54%	\$750,000
ASB	174 days	21/08/2017	3.58%	\$500,000
Total ASB				\$1,750,000
Westpac	95 days	02/05/2017	3.12%	\$250,000
Westpac	96 days	12/06/2017	3.14%	\$500,000
Westpac	112 days	20/06/2017	3.13%	\$500,000
Westpac	150 days	27/07/2017	3.46%	\$500,000
Total Westpac				\$1,750,000
Total on deposit 31 March 2017				\$12,000,000

The pattern of investing is currently focused on ensuring that a range of deposits mature around the 20th of the month, to coincide with Council’s monthly payments cycle. A further sequence of deposits matures between these dates to match the timing of payroll and other creditor requirements.

Council has been able to generally achieve targets set in the Treasury Strategy during the first quarter, and in cases where the target has been missed the monetary impacts have not been significant:

- Up to 30 days achieved 1.96% (one deposit) (target range 2.20% - 2.60% or better)
- Between 30 and 60 days achieved 2.79% – 3.20% (target range 2.45% - 2.75% or better)
- Between 60 and 90 days achieved 3.10% - 3.60% (target range 2.70% - 3.10% or better)
- 3 – 6 months achieved 3.10% – 3.60% (target range 3.10% - 3.50% or better)
- 6 – 9 months achieved 3.25% - 3.90% (target range 3.25% - 3.70% or better)
- 9 – 12 months achieved 3.40% - 3.60% (target range 3.30% - 3.75% or better)

The loan to NOIC carries an interest rate of 3.58% (last year 4.57%) which, in this environment, is still a very good rate. That rate remains effective until 30 June 2017, at which time it will be re-set for the next 12 month period.

Appendix (b) –Quarterly Treasury Report (continued)

Other Investments

Council has several loans outstanding to community groups and other entities. These are the largest of those loans:

North Otago Irrigation Company Ltd –

- Balance at 31 December \$17,000,000
- Interest earned for the nine months to 31 March \$456,867.
- Interest is paid monthly

Observatory Retirement Village Trust –

- Balance at 31 March \$4,388,450, and the stage two loan \$52,280
- Interest earned for the nine months to 31 March \$40,449.
- Interest is compounded to the loan balance

In April a further \$795,000 was drawn down by the Trust for stage 1 and \$26,553 for stage 2.

The total advanced to date is below the Trust's initial projections.

Ultimately, Council's support for stage 1 is capped at \$8,000,000

Oamaru Whitestone Civic Trust –

- Balance at 31 March \$455,000 interest-bearing and \$100,000 interest-free
- Interest earned for the nine months to 31 March \$11,317.
- Interest is paid quarterly

The Trust has an approved loan facility with Council of \$500,000, and an additional \$100,000 advance was recently approved and paid out.

Council provides the Trust a quarterly grant to match the interest payment

Otago Rural Fire Authority –

- Balance at 31 March \$285,145

Interest is not charged on the loan, which reflects the value of equipment transferred to the Authority in the 2014/15 financial year

Other Investments

Amounts invested in CCTOs comprise the majority of the value of the other investments Council holds. Whitestone Contracting has committed to pay a dividend of at least \$120,000 annually, and has recently paid a dividend of \$150,000. In addition, Council has received a subvention payment from Whitestone of \$640,000.

Internal Loans

Details of movements in internal loans have not been finalized for the quarter ended 31 March – this information will be presented to the Committee when available.

Separate Rate Accounts

Separate Rate Accounts are maintained for each of Council's targeted rate levies. Officers update the current position of each separate rate account at the end of each quarter.

The position at 31 March has still to be finalized, and details of separate rate accounts that are either operating in deficit or require attention for other reasons will be provided at the next meeting of the committee.

Appendix (c) – Special Funds

These are Special Reserves, Trust funds and other balances held by Council for specific purposes. The report below details movements in these reserves for the period ended 31 March 2017, subject to further adjustments as part of the quarterly capitalization process, and will be updated in subsequent reports.

Account Name	Balance 01-07-16	Interest Received	Movements In	Movements Out	Balance 31-03-17
Ahuriri Playground Fund	2,086.13	55.31	0.00	0.00	2,141.44
Alps2Ocean Fund	0.00	0.00	0.00	0.00	0.00
Aquatic Centre Bequest Funds	6,649.90	176.33	0.00	0.00	6,826.23
Archives Fund	10,047.34	266.42	0.00	0.00	10,313.76
Cemetery Trust A/c - Oamaru	3,794.37	99.73	0.00	-99.73	3,794.37
Cemetery Trust A/c - Herbert	9,678.10	256.62	0.00	0.00	9,934.72
Cemetery Trust A/c - Ngapara	841.60	22.31	0.00	0.00	863.91
Community Housing	752,452.86	19,951.70	0.00	-52,280.00	720,124.56
Council Heritage Project	0.00	0.00	0.00	0.00	0.00
Development Contributions	4,451,384.97	118,659.50	478,457.55	-450,554.63	4,597,947.39
Disaster & Self-insurance Funds	3,718,308.76	0.00	202,308.00	-25,227.08	3,895,389.68
District Endowment Fund	1,579,896.03	41,581.81	242,391.31	-93,019.42	1,770,849.73
District Library Endowment Fund	165,500.00	4,350.25	0.00	-4,350.25	165,500.00
District Resource Management Act Financial Contributions Fund	792,518.04	21,046.29	134,142.59	-119,825.04	827,881.88
Emergency Services Upgrade/Renewal Fund	19,797.45	524.94	0.00	0.00	20,322.39
Forestry Planting	1,070,002.43	28,371.70	0.00	0.00	1,098,374.13
Gallery Bequest Fund	5,543.29	146.98	0.00	0.00	5,690.27
Gallery Lift Appeal	11,417.45	302.73	0.00	0.00	11,720.18
Hakataramea Bridge proceeds	7,743.20	0.00	0.00	-7,743.20	0.00
Harbour Endowment Fund	122,248.46	3,213.36	0.00	-3,213.36	122,248.46
Harbour Enhancement - Canterbury Spinners	0.00	0.00	0.00	0.00	0.00
Harbour Projects Fund	0.00	0.00	0.00	0.00	0.00
Haven Street Reserve	61,924.74	0.00	0.00	0.00	61,924.74
Library Acclimatisation Fund	5,000.00	131.43	0.00	-131.43	5,000.00
Mulligan Bequest	91,866.48	2,435.90	0.00	0.00	94,302.38
Museum Bequest Fund	125,944.90	3,339.47	0.00	0.00	129,284.37
Oamaru Gardens Bequest Fund	189,111.16	5,014.38	0.00	0.00	194,125.54
Oamaru Gardens / Heritage Buildings / Sports Facilities	99,961.68	2,650.55	0.00	0.00	102,612.23
Oamaru Library Bequest Fund	0.00	0.00	0.00	0.00	0.00
Oamaru Library Book Fund	2,056.40	54.53	0.00	0.00	2,110.93
Oamaru Opera House Bequest Fund	0.00	174.90	10,601.74	0.00	10,776.64
Oamaru Township Beautification	36,515.85	968.25	0.00	0.00	37,484.10
Otago Power Shares	23,102.13	607.23	0.00	-607.23	23,102.13
Omarama Hall Fund	0.00	0.00	0.00	0.00	0.00
Palmerston Library Book Donation	2,525.21	66.96	0.00	0.00	2,592.17
Palmerston Reserve	112,481.93	2,982.52	0.00	0.00	115,464.45
Plan Review Reserve	259,512.96	0.00	3,385.00	0.00	262,897.96
Refuse Disposal, Landfill & Hazardous Sites	104,555.46	0.00	0.00	0.00	104,555.46
RSA Rose Garden Bequest	3,679.38	97.56	0.00	0.00	3,776.94
Sports Ground Improvement Fund	999.55	26.51	0.00	0.00	1,026.06
Street Tree Fund	61,555.97	1,632.20	0.00	0.00	63,188.17
Valley Boat Ramps Fund	66,921.17	0.00	0.00	0.00	66,921.17
Waitaki Heritage Fund	255,068.94	6,484.36	400.00	-134,782.61	127,170.69
Council Special Funds and Reserves	14,232,694.29	265,692.73	1,071,686.19	-891,833.98	14,678,239.23
Waitaki Heritage Fund Loans	3,600.00	0.00	152,280.00	-400.00	155,480.00
Loan Funds	1,040.37	0.00	0.00	0.00	1,040.37
Creative Communities Grants scheme	91.64	0.00	20,579.00	-6,971.72	13,698.92
SPARC Regional Travel scheme	0.00	0.00	9,500.00	0.00	9,500.00
Funds held by Council in trust for distribution	4,732.01	0.00	182,359.00	-7,371.72	179,719.29
Totals	14,237,426.30	265,692.73	1,254,045.19	-899,205.70	14,857,958.52

It should be noted that transfers of \$202,308 to the Disaster and Self-insurance funds which appear in the above table are rate-funded, but the transfers are not reflected in operating expenses. For that reason, the rate funding element is a component of each year's budgeted surplus or deficit.

Appendix (d) – WCL Dividend – allocations and balance remaining

Whitestone contracting Ltd initially informed Council that payment of \$700,000 was likely prior to the end of March, in the form of dividends and subvention payments. As is now known, a total of \$790,000 has actually been received.

At its meeting on 30 November 2016, Council received the “Dividend Allocation” report which proposed funding for the Alps2Ocean Cycletrail and for the Best Community Ideas/Projects initiative. This report summarized, as a second appendix, commitments already made in relation to the projected \$700,000 income.

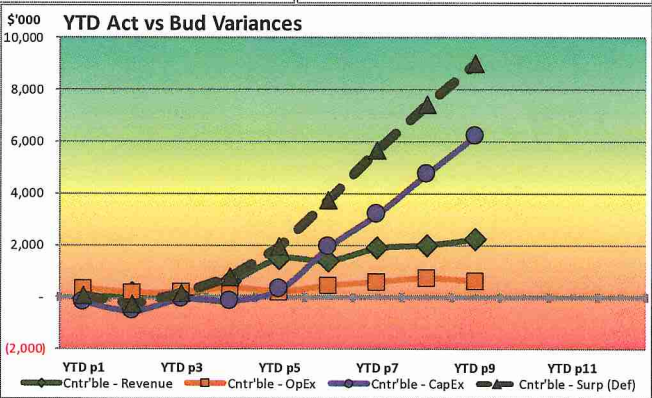
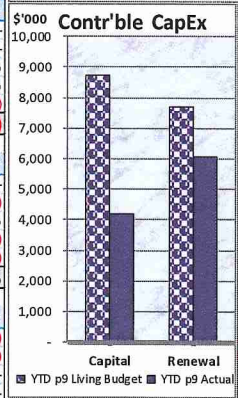
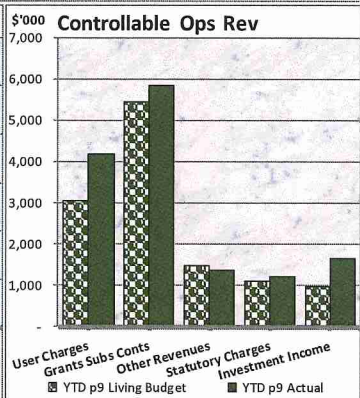
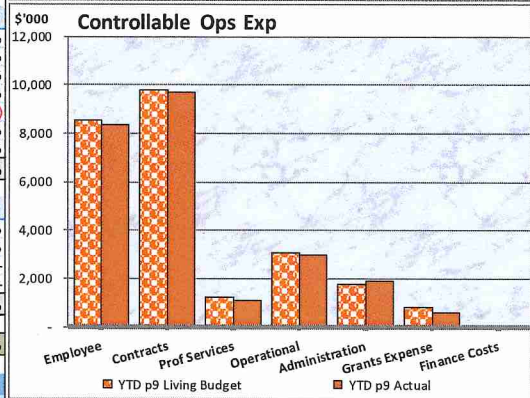
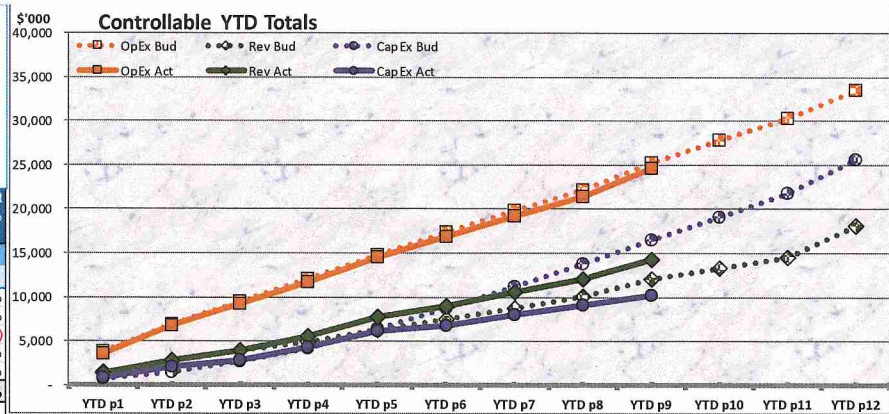
Balance uncommitted from 2015/16 dividend/subvention payments	\$32,482
Anticipated revenue 2016/17	<u>\$700,000</u>
Anticipated funding available	\$732,482
Previously committed:	
• Roding Rural Resilience	\$150,000
• Roding Traction Seals	\$150,000
• Address urgent rural roading needs	\$350,000
Resolved at the 30 November meeting:	
• Alps2Ocean stage 3 – finalise funding	\$50,000
• Best Community Ideas/Projects	<u>\$5,000</u>
Total committed	\$705,000
Balance uncommitted	\$27,482
Actually received \$790,000, an additional sum of:	\$90,000
Total uncommitted, available for allocation	<u>\$117,482</u>

Appendix (e) – Variance Reports and Commentaries
Council – overall total

WDC 2017 Operating Statement
Mon 01 May 2017 6:50 AM

Level_01	Level_02	Level_03	Level_04
Assets Group	Aquatic Centre		
CEO	CEOs Office	Accounting Serv...	Ahuriri
Community S...	Committees	Ahuriri	Airedale
Council	Community Boards	Alcohol Licensing	Ardgowan
Customer Ser...	Community Safety	Alps 2 Ocean	Awamoko

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable											
Revenue											
User Charges			(4,538)			(4,091)	(4,172)	(3,040)		1,132	37%
Grants Subsidies Contributions			(5,361)			(9,511)	(5,830)	(5,435)		396	7%
Other Revenues			(1,390)			(1,808)	(1,377)	(1,464)		(87)	(6%)
Statutory Charges			(1,340)			(1,408)	(1,203)	(1,108)		95	9%
Investment Income			(1,680)			(1,257)	(1,656)	(973)		683	70%
Revenue Total			(14,309)			(18,074)	(14,238)	(12,019)		2,219	18%
Expense											
Employee Costs			8,531			11,270	8,355	8,511		156	2%
Contracts			9,890			13,154	9,690	9,790		100	1%
Professional Services			1,007			1,809	1,087	1,242		155	12%
Operational			3,003			4,150	2,999	3,051		52	2%
Administration			1,969			2,064	1,895	1,754		(141)	(8%)
Grants Expense			663			1,015	585	840		255	30%
Finance Costs			29			61	26	46		20	44%
Expense Total			25,093			33,523	24,636	25,232		597	2%
Capital Expense											
Renewal			6,171			11,074	6,059	7,695		1,636	21%
Capital			4,240			14,512	4,183	8,735		4,552	52%
Contracts			-			-	-	-		-	-
Operational			-			-	-	-		-	-
Capital Expense Total			10,412			25,586	10,242	16,430		6,188	38%
Controllable Total			21,196			41,035	20,640	29,644		9,003	30%
Centrally Controlled											
Revenue											
Asset Disposal & Fair Value Adjus			-			-	-	-		-	-
Physical Resources Received Free			-			-	-	-		-	-
Rates			(24,870)			(29,722)	(22,383)	(22,292)		92	0%
Sale Proceeds - Contra Sales			(1,831)			(134)	(1,831)	(101)		1,731	1,720%
Transfers from Reserves			(9,413)			(26,721)	(9,091)	(17,243)		(8,152)	(47%)
Revenue Total			(36,115)			(56,577)	(33,305)	(39,635)		(6,330)	(16%)
Expense											
Asset Disposal & Fair Value Adjus			50			-	50	-		(50)	-
Depreciation			9,572			11,380	8,619	8,535		(84)	(1%)
Overheads In			13,121			16,515	11,835	12,385		550	4%
Overheads Out			(13,518)			(16,713)	(12,203)	(12,535)		(331)	(3%)
Transfers to Reserves			1,417			1,796	1,417	1,397		(20)	(1%)
Expense Total			10,643			12,977	9,718	9,782		64	1%
Capital Expense											
Renewal			309			249	293	187		(106)	(57%)
Capital			3,005			2,316	2,992	1,146		(1,846)	(161%)
Overheads In			-			-	-	-		-	-
Transfers to Reserves			-			-	-	-		-	-
Capital Expense Total			3,313			2,565	3,285	1,333		(1,952)	(146%)
Centrally Controlled Total			(22,158)			(41,035)	(20,302)	(28,520)		(8,218)	(29%)
Surplus (-) / Deficit (+)			(963)			(0)	339	1,124		785	70%

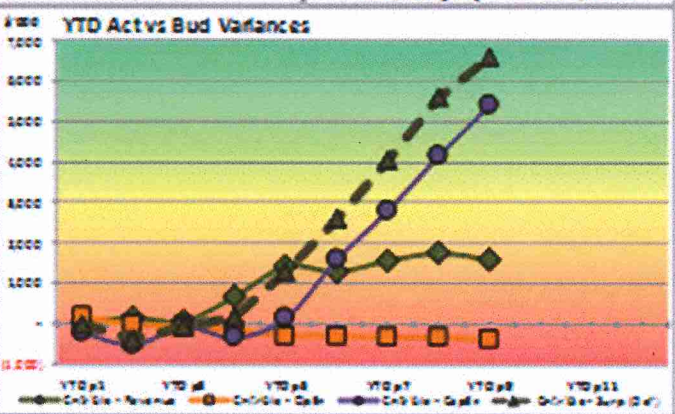
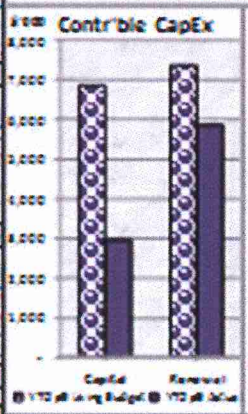
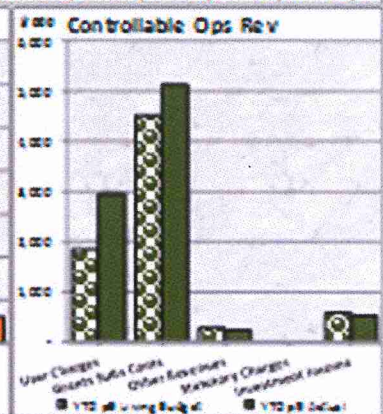
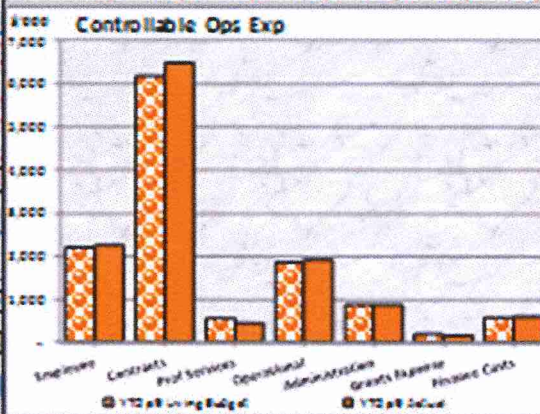
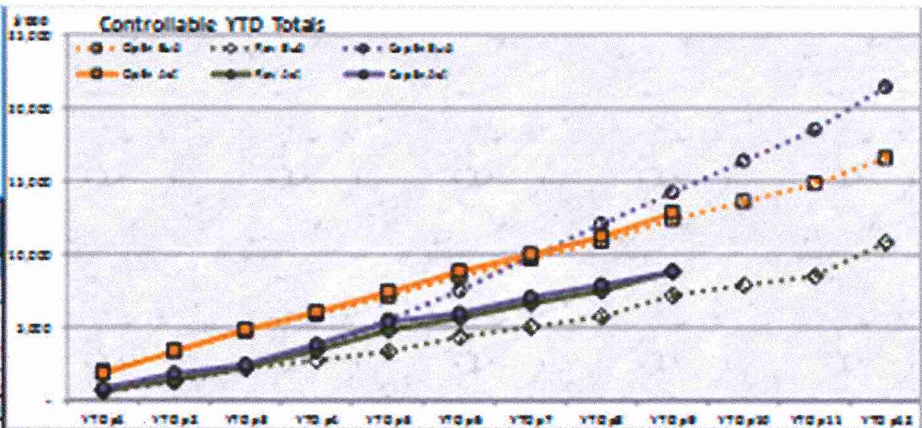


*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Appendix (e) – Variance Reports and Commentaries (continued)

Assets

WDC 2017 Operating Statement Mon 01 May 2017 0:00 AM		Level 02	Level 03	Level 04		
		GGT	Smart	Smart		
		Managerial S...	Collection	Collection		
		Property	Commercial	Commercial		
		Roading	Community	Community		
		Solid Waste				
Level 01						
Asset Group	GGT					
Community S...	Council					
Customer Ser...						
	YTD Actual	FY Living Budget	YTD p6 Actual	YTD p6 Living Budget	YTD p6 Act v Bud	YTD p6 Act v Bud %
Controllable						
Revenue						
User Charges	12,176	12,427	12,226	12,226	1,117	9%
Grants Subsidies Contributions	12,191	7,127	12,121	14,222	607	1%
Other Revenues	(22)	(67)	25	972	(86)	(2%)
Sanitary Charges						
Investment Income	125	172	65	251	(85)	(11%)
Revenue Total	24,170	19,869	24,529	27,219	1,892	22%
Expense						
Employee Costs	2,222	2,267	2,262	2,207	(56)	(2%)
Contracts	6,217	6,217	6,217	6,177	(27)	(0%)
Professional Services	469	76	47	22	66	16%
Operational	1,222	1,072	1,222	1,222	(6)	(0%)
Administration	662	607	679	660	(19)	(2%)
Grants Expense	162	202	162	160	2	0%
Finance Costs	67	76	67	27	(40)	(7%)
Expense Total	12,294	16,386	12,822	12,412	(282)	(2%)
Capital Expense						
Renewal	2,266	10,201	2,271	7,270	1,427	23%
Capital	2,270	10,261	2,262	6,267	2,204	27%
Contracts						
Capital Expense Total	4,536	20,462	4,533	14,246	3,401	36%
Controllable Total	12,857	27,351	12,829	19,437	6,612	34%
Centrally Controlled						
Revenue						
Rates	(1,026)	(1,026)	(1,126)	(1,176)	50	3%
Sale Proceeds - Contra Sales	(1,628)	(126)	(1,628)	(101)	1,726	171%
Transfers from Revenues	(7,668)	21,777	(7,668)	(4,661)	(6,661)	(66%)
Revenue Total	(22,322)	(27,475)	(21,294)	(26,499)	(3,252)	(32%)
Expense						
User Disposal & Fair Value Imp						
Depreciation	6,276	10,222	7,222	7,222	(102)	(1%)
Overhead In	2,122	6,222	6,222	6,222	60	2%
Overhead Out	(7,022)	(4,222)	(4,222)	(4,222)	77	1%
Transfers to Revenues	762	1,222	762	22	22	2%
Expense Total	7,322	8,222	6,222	6,722	69	1%
Capital Expense						
Renewal	222	22	22	22	(67)	(26%)
Capital	2,702	1,222	2,622	67	(1,622)	(206%)
Overhead In						
Transfers to Revenues						
Capital Expense Total	2,924	1,444	2,924	1,022	(1,922)	(138%)
Centrally Controlled Total	(1,254)	(27,162)	(11,622)	(16,719)	(7,022)	(26%)
Surplus (-) / Deficit (+)	210	69	1,122	722	(447)	(62%)



For Variances (vs vs Bud, Positive=Duplex, Negative=Deficit) Key: Comp/Act, Bud/Budget, YTD/Ytd Data, (p)Period X

	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Assets Group	12,037	12,806	19,692	6,887	35%	Overall budgets are being managed appropriately, please see the comments below which provide explanations for each budget area.	Continue to monitor.
Assets_GM	222	248	273	25	9%	All on track.	-
Information_Technology	1,358	1,459	1,786	328	18%	The Chief Information Officer is addressing a number of issues that will have an impact on the financial position. These will be reported in more detail to the FAR at a later date.	A Departmental review will align with a new budget strategy for 2017 / 2018
Property	1,660	2,112	2,497	385	15%	Income is slightly ahead of budget as rents are increased to market when they fall due. Capital and renewal expenditure is slightly higher than budget. Expenses are considered and minimised wherever possible. Some planned project work has not yet been completed.	-
Roading	3,792	4,225	5,632	1,406	25%	Programme of works underway with some completed in Q3 and most to be completed at end of Q4	Roading unit to monitor programme and budgets. Some budgets have been updated to improve accuracy of reporting
Utilities_Solid_Waste	(35)	(74)	343	417	122%	Operating expenditure is tracking to budget. Unbudgeted landfill income is continuing to accumulate.	Landfill income will help ease the transition to a closed landfill operation
Utilities_Water	4,096	4,342	7,683	3,341	43%	Operating expenditure is tracking above budget in some separate rate accounts. Oamaru water expenditure is above budget due to increased reactive works. Capital expenditure is showing a variance to budget which will be corrected via reserve transfers	Increased reactive work are being actively monitored and managed to identify opportunities to increase efficiencies
Utilities_Sewer	890	454	1,180	726	62%	Operating expenditure is generally tracking to budget. Oamaru sewer expenditure is above budget due to increased reactive works.	-
Utilities_Waste_Water	53	39	297	258	87%	Operating expenditure is tracking slightly below budget. The redefined Muddy Creek stormwater project is yet to commence and is showing a variance to budget	-

Appendix (e) – Variance Reports and Commentaries (continued)

Roading

WDC 2017 Operating Statement
Mon 01 May 2017 6:50 AM

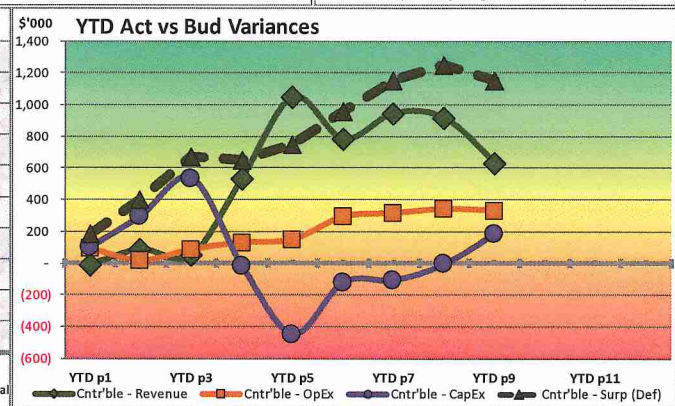
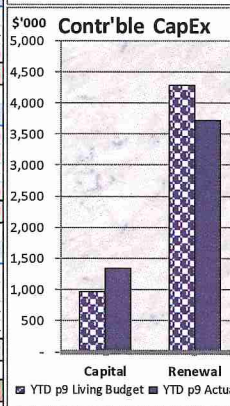
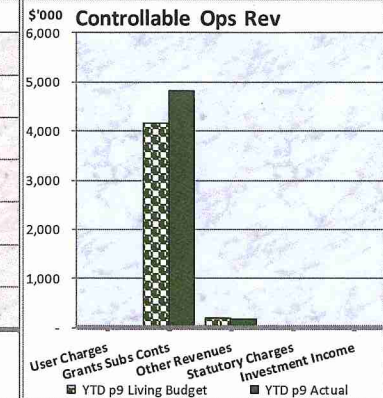
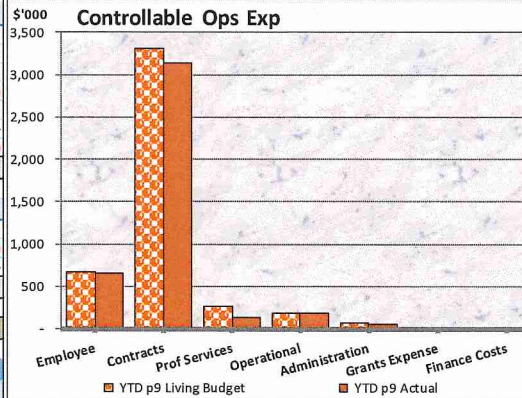
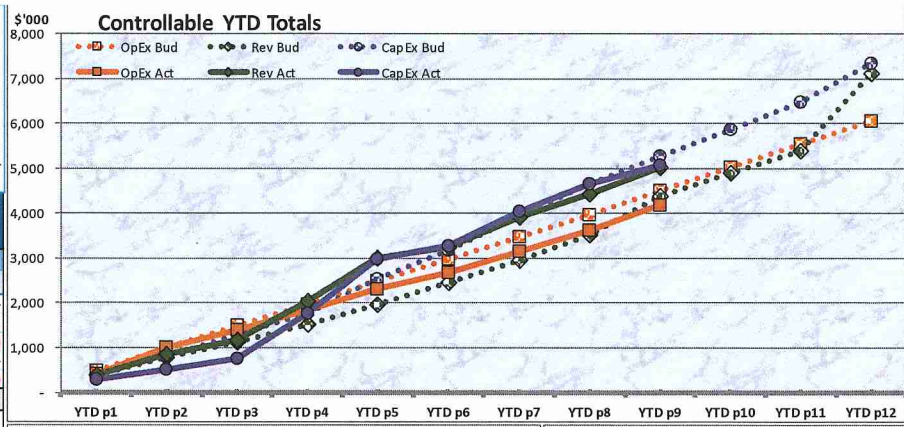
Level_01: Assets Group (CEO), Community S... (Council), Customer Ser...

Level_02: GIS/IT, Management As..., Property, **Roading**, Solid Waste

Level_03: Amenity, Financially Ass..., Management Roa..., Non-financially A..., Townships and T...

Level_04: Ahuriri, Capital New, Capital Renewal, Corriedale

	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	(0)	-	(0)	-	0	
Grants Subsidies Contributions	(4,841)	(6,707)	(4,823)	(4,164)	660	16%
Other Revenues	(181)	(380)	(180)	(203)	(23)	(11%)
Statutory Charges	-	-	-	-	-	
Investment Income	(15)	(25)	(15)	(19)	(3)	(19%)
Revenue Total	(5,038)	(7,112)	(5,019)	(4,385)	633	14%
Expense						
Employee Costs	667	867	658	667	9	1%
Contracts	3,150	4,488	3,138	3,314	177	5%
Professional Services	127	350	127	263	136	52%
Operational	183	246	182	179	(3)	(2%)
Administration	56	94	53	70	17	25%
Grants Expense	-	-	-	-	-	
Finance Costs	14	16	14	12	(2)	(18%)
Expense Total	4,198	6,060	4,172	4,505	334	7%
Capital Expense						
Renewal	3,759	5,674	3,725	4,289	564	13%
Capital	1,348	1,669	1,348	969	(379)	(39%)
Contracts	-	-	-	-	-	
Capital Expense Total	5,106	7,343	5,073	5,257	185	4%
Controllable Total	4,266	6,291	4,225	5,377	1,152	21%
Centrally Controlled						
Revenue						
Rates	(5,511)	(6,573)	(4,960)	(4,930)	30	1%
Sale Proceeds - Contra Sales	-	-	-	-	-	
Transfers from Reserves	(4,143)	(5,659)	(3,919)	(4,228)	(309)	(7%)
Revenue Total	(9,654)	(12,233)	(8,879)	(9,158)	(279)	(3%)
Expense						
Depreciation	4,298	5,056	3,868	3,792	(76)	(2%)
Overheads In	1,529	1,726	1,386	1,295	(91)	(7%)
Overheads Out	(1,206)	(1,388)	(1,091)	(1,041)	50	5%
Transfers to Reserves	250	125	250	94	(156)	(167%)
Expense Total	4,871	5,519	4,413	4,139	(273)	(7%)
Capital Expense						
Renewal	49	153	44	115	71	62%
Capital	87	269	81	201	120	60%
Overheads In	-	-	-	-	-	
Transfers to Reserves	-	-	-	-	-	
Capital Expense Total	136	422	125	316	191	60%
Centrally Controlled Total	(4,647)	(6,292)	(4,341)	(4,702)	(361)	(8%)
Surplus (-) / Deficit (+)	(381)	(0)	(115)	675	791	117%



*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, px=Period X

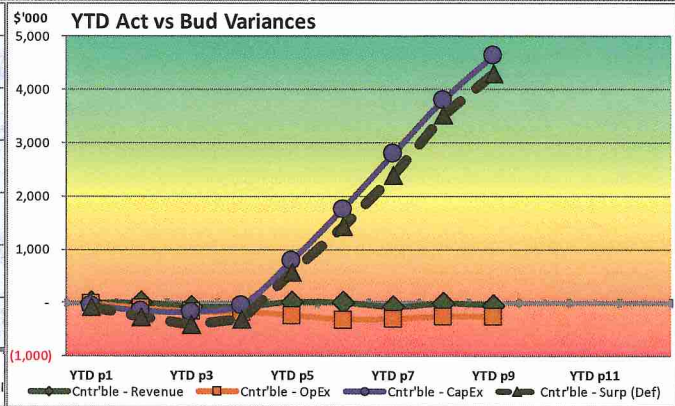
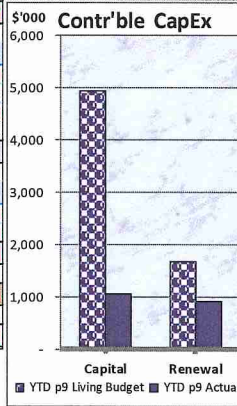
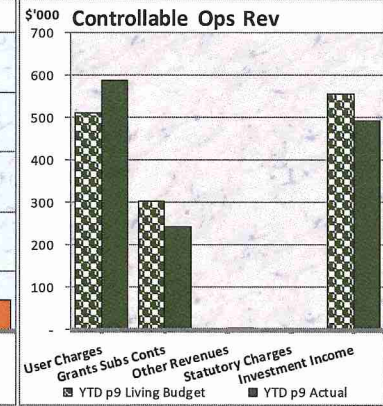
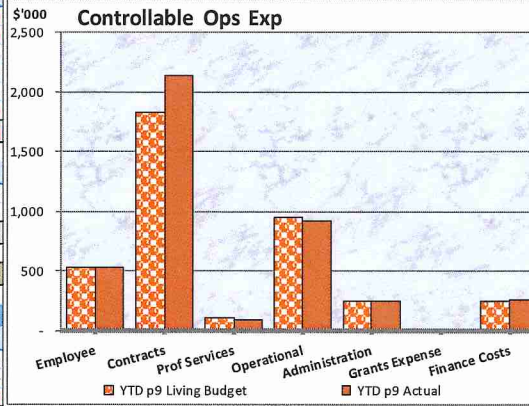
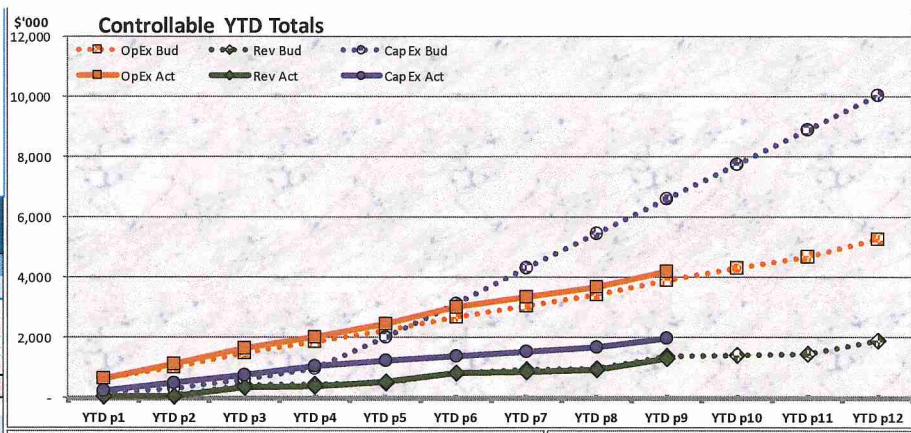
Appendix (e) – Variance Reports and Commentaries (continued)
Water, Sewer, Stormwater

PH. 10 May 2017 - Financial Report Period 9 / Quarter 3

WDC 2017 Operating Statement
Mon 01 May 2017 6:50 AM

Level_01: Assets Group (CEO, Council, Customer Ser...)
Level_02: Management As..., Property, Roading, Solid Waste, Waters
Level_03: Management Wa..., Sewerage, Stormwater, Water
Level_04: Awamoko, Dunback, Duntroon, Enfield

	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	(566)	(751)	(587)	(510)	76	15%
Grants Subsidies Contributions	(285)	(405)	(244)	(304)	(60)	(20%)
Other Revenues	(0)	-	(0)	-	0	
Investment Income	(492)	(740)	(492)	(555)	(63)	(11%)
Revenue Total	(1,343)	(1,896)	(1,323)	(1,370)	(47)	(3%)
Expense						
Employee Costs	547	685	529	527	(2)	(0%)
Contracts	2,201	2,608	2,136	1,827	(309)	(17%)
Professional Services	97	150	92	112	20	18%
Operational	922	1,230	922	948	26	3%
Administration	249	275	247	254	7	3%
Finance Costs	260	329	260	247	(13)	(5%)
Expense Total	4,275	5,277	4,187	3,915	(271)	(7%)
Capital Expense						
Renewal	939	2,393	923	1,675	752	45%
Capital	1,068	7,658	1,068	4,940	3,871	78%
Capital Expense Total	2,007	10,051	1,991	6,615	4,623	70%
Controllable Total	4,939	13,432	4,855	9,160	4,305	47%
Centrally Controlled						
Revenue						
Rates	(6,064)	(7,272)	(5,458)	(5,454)	3	0%
Sale Proceeds - Contra Sales	-	-	-	-	-	-
Transfers from Reserves	(1,830)	(11,183)	(1,807)	(7,447)	(5,640)	(76%)
Revenue Total	(7,893)	(18,455)	(7,264)	(12,901)	(5,637)	(44%)
Expense						
Depreciation	2,403	2,867	2,162	2,151	(1)	(1%)
Overheads In	2,196	2,891	1,997	2,168	172	8%
Overheads Out	(1,793)	(2,218)	(1,635)	(1,664)	(29)	(2%)
Transfers to Reserves	508	794	508	634	127	20%
Expense Total	3,314	4,334	3,032	3,290	258	8%
Capital Expense						
Renewal	231	96	221	72	(149)	(207%)
Capital	517	593	516	445	(71)	(16%)
Capital Expense Total	749	689	737	517	(220)	(43%)
Centrally Controlled Total	(3,831)	(13,432)	(3,496)	(9,095)	(5,599)	(62%)
Surplus (-) / Deficit (+)	1,108	0	1,359	66	(1,293)	(1,968%)



*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

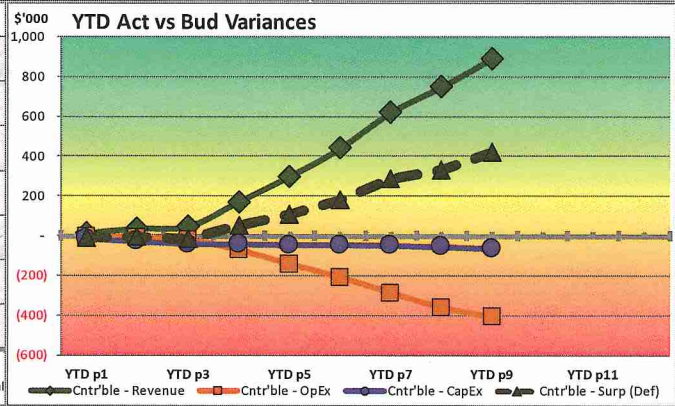
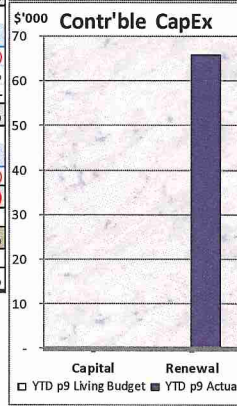
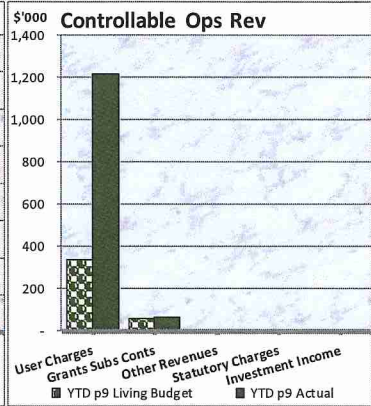
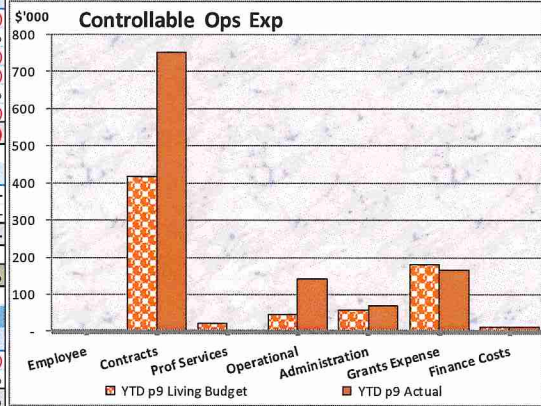
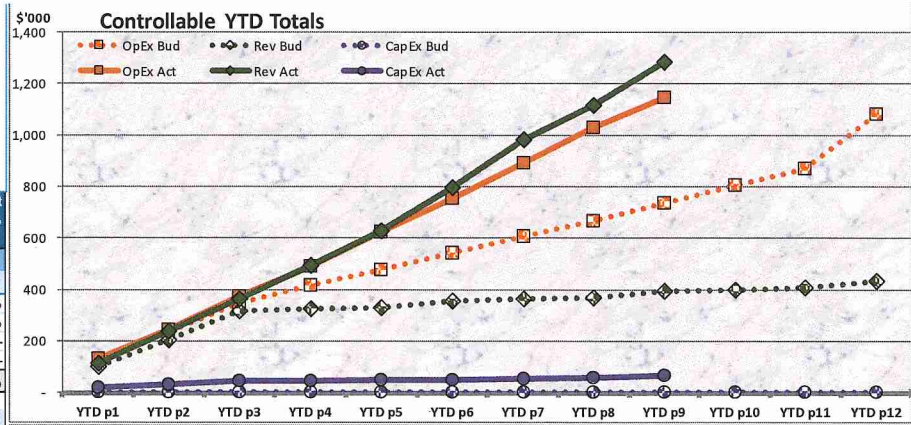
Appendix (e) – Variance Reports and Commentaries (continued)
Solid Waste

PH: 10 May 2017. Financial Report Period 9 / Quarter 3

WDC 2017 Operating Statement
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Level_01: Assets Group (CEO), Community S... (Council), Customer Ser...
Level_02: Management As..., Property, Roading, Solid Waste, Waters
Level_03: Collection, Waste Disposal..., Accounting Servi..., Ahuriri
Level_04: Ahuriri, Closed Landfill, Contaminated S..., Corriedale, Oamaru

	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	(1,233)	(356)	(1,216)	(337)	879	261%
Grants Subsidies Contributions	(62)	(75)	(62)	(56)	6	11%
Other Revenues	(5)	-	(5)	-	5	-
Statutory Charges	-	-	-	-	-	-
Revenue Total	(1,300)	(431)	(1,283)	(393)	890	226%
Expense						
Contracts	790	583	751	417	(334)	(80%)
Professional Services	4	29	-	22	22	100%
Operational	133	138	143	46	(97)	(211%)
Administration	74	72	70	58	(12)	(22%)
Grants Expense	165	240	165	180	15	8%
Finance Costs	14	18	14	13	(1)	(5%)
Expense Total	1,179	1,080	1,144	736	(407)	(55%)
Capital Expense						
Renewal	66	-	66	-	(66)	-
Capital	-	-	-	-	-	-
Capital Expense Total	66	-	66	-	(66)	-
Controllable Total	(56)	649	(74)	343	417	122%
Centrally Controlled						
Revenue						
Rates	(875)	(1,051)	(787)	(788)	(1)	(0%)
Transfers from Reserves	(69)	(31)	(67)	(23)	44	188%
Revenue Total	(944)	(1,082)	(854)	(812)	43	5%
Expense						
Depreciation	63	54	57	41	(16)	(40%)
Overheads In	164	258	142	194	52	27%
Transfers to Reserves	-	-	-	-	-	-
Expense Total	227	312	199	234	35	15%
Capital Expense						
Capital	101	121	99	90	(9)	(10%)
Capital Expense Total	101	121	99	90	(9)	(10%)
Centrally Controlled Total	(616)	(649)	(556)	(487)	69	14%
Surplus (-) / Deficit (+)	(671)	-	(630)	(144)	487	339%



*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

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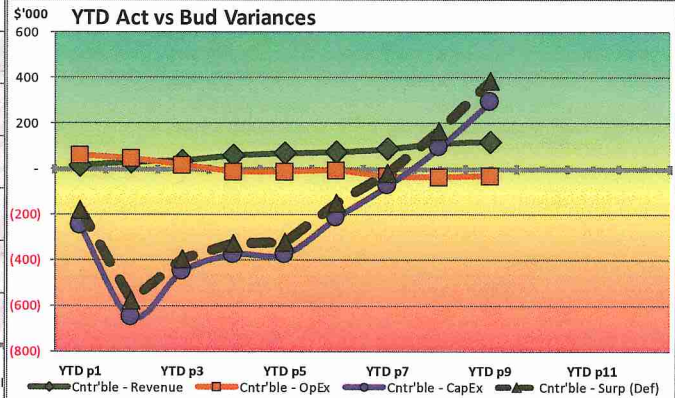
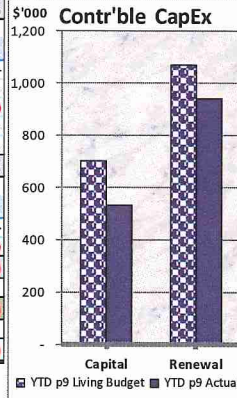
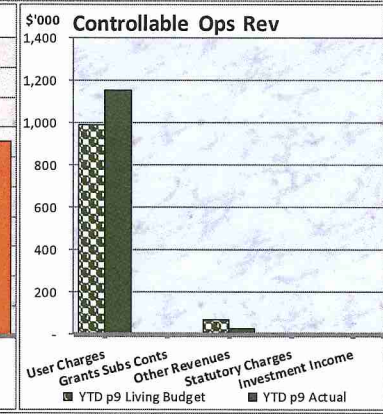
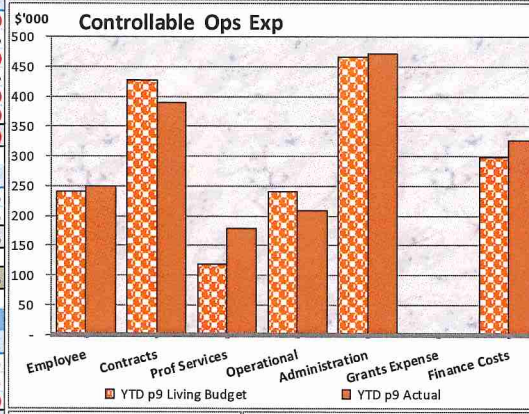
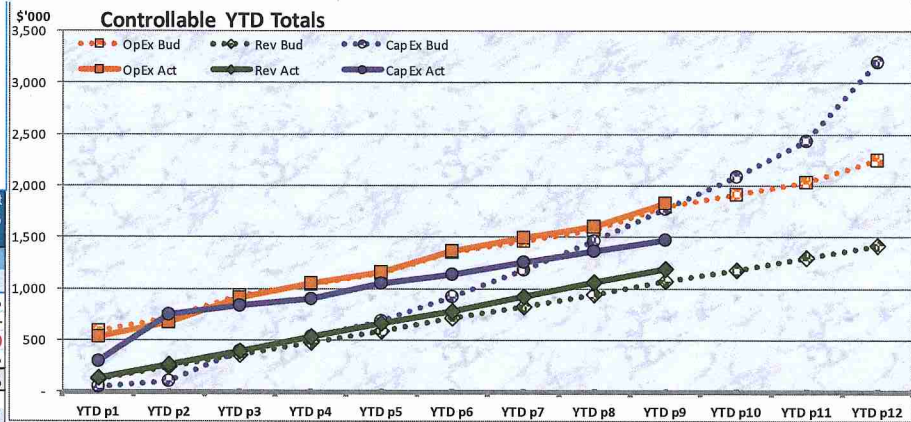
Level_02: Management As..., Property, Roading, Solid Waste, Waters

Level_03: Commercial, Community, Halls and Comm..., Management Pro..., Property Holdings

Level_04: Airedale, Ardgowan, Awamoko, Breakwater Coa...

Level_01: Assets Group: CEO, Council, Customer Ser...

	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	(1,375)	(1,320)	(1,152)	(990)	162	16%
Grants Subsidies Contributions	(3)	-	(1)	-	1	-
Other Revenues	(31)	(93)	(26)	(70)	(44)	(62%)
Investment Income	(8)	(10)	(8)	(7)	1	16%
Revenue Total	(1,418)	(1,423)	(1,187)	(1,067)	120	11%
Expense						
Employee Costs	258	312	249	240	(9)	(4%)
Contracts	395	593	389	428	38	9%
Professional Services	181	160	179	120	(59)	(49%)
Operational	210	276	208	241	32	13%
Administration	473	511	472	466	(6)	(1%)
Finance Costs	327	399	327	299	(28)	(9%)
Expense Total	1,843	2,250	1,825	1,794	(31)	(2%)
Capital Expense						
Renewal	963	2,049	942	1,069	127	12%
Capital	548	1,154	532	702	169	24%
Capital Expense Total	1,511	3,202	1,475	1,771	296	17%
Controllable Total	1,936	4,030	2,112	2,497	385	15%
Centrally Controlled						
Revenue						
Rates	(609)	(722)	(548)	(541)	7	1%
Sale Proceeds - Contra Sales	(1,757)	(50)	(1,757)	(37)	1,719	4,624%
Transfers from Reserves	(1,844)	(4,108)	(1,807)	(2,443)	(635)	(26%)
Revenue Total	(4,210)	(4,880)	(4,112)	(3,021)	1,091	36%
Expense						
Asset Disposal & Fair Value Adjus	-	-	-	-	-	-
Depreciation	1,351	1,627	1,216	1,220	4	0%
Overheads In	903	1,018	820	764	(56)	(7%)
Overheads Out	(1,791)	(2,074)	(1,623)	(1,555)	67	4%
Transfers to Reserves	35	104	35	87	52	60%
Expense Total	497	675	448	515	67	13%
Capital Expense						
Renewal	-	-	-	-	-	-
Capital	1,989	175	1,987	131	(1,855)	(1,414%)
Capital Expense Total	1,989	175	1,987	131	(1,855)	(1,414%)
Centrally Controlled Total	(1,724)	(4,030)	(1,678)	(2,375)	(697)	(29%)
Surplus (-) / Deficit (+)	212	-	434	122	(312)	(255%)



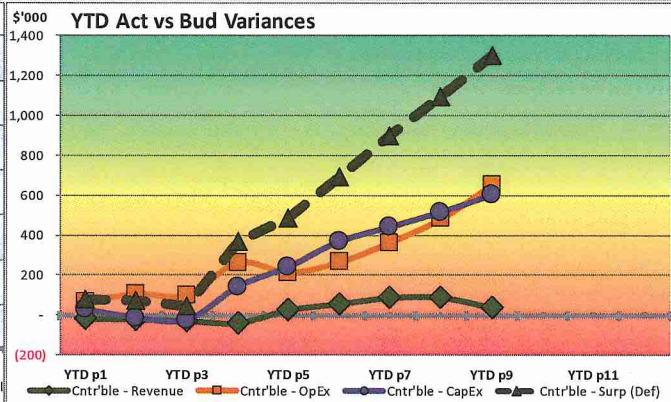
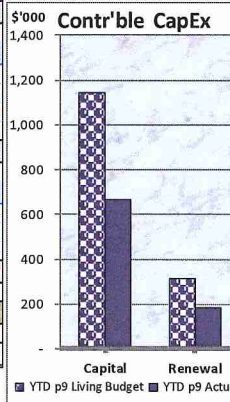
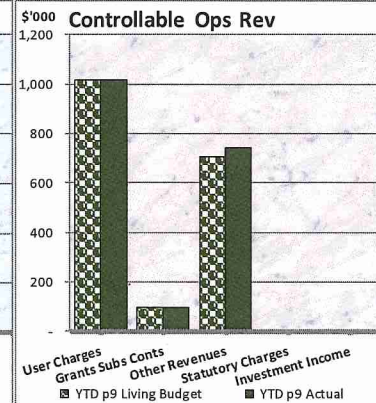
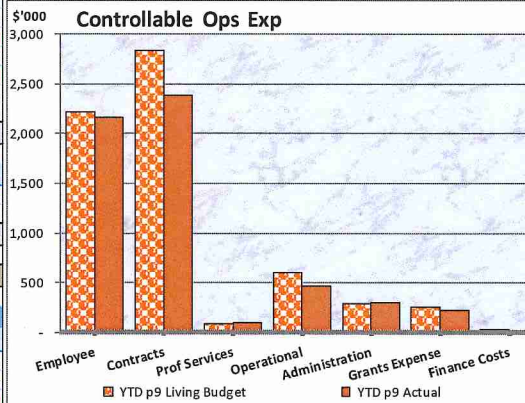
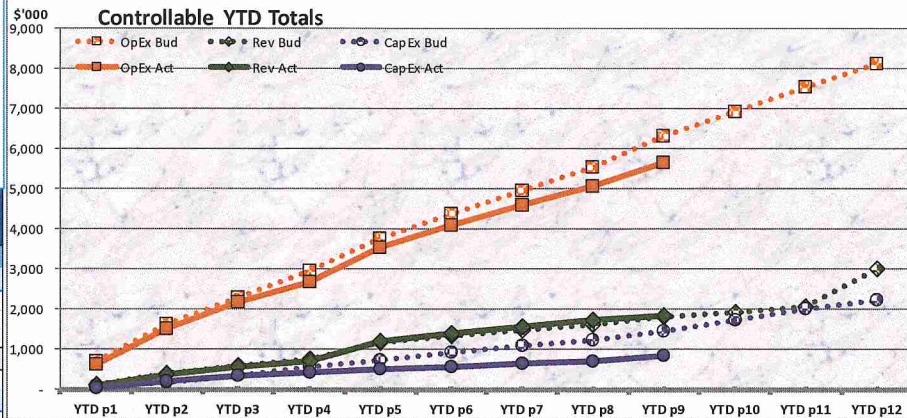
*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Appendix (e) – Variance Reports and Commentaries (continued)
Community Services

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Level_01	Level_02	Level_03	Level_04
Assets Group	Community Safety	Archive	Ahuriri
CEO	Gallery & Museum	Branch Libraries	Comedale
Community S...	General Grants	Cafe	Harbour Park
Council	Libraries	Camping Grounds	Monuments
Customer Ser...	Management Co...		

Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable										
Revenue										
User Charges		(1,146)	(1,315)	(1,018)	(1,015)				3	0%
Grants Subsidies Contributions		(132)	(903)	(96)	(95)				0	0%
Other Revenues		(746)	(793)	(741)	(705)				36	5%
Revenue Total		(2,025)	(3,011)	(1,854)	(1,815)				39	2%
Expense										
Employee Costs		2,199	2,875	2,162	2,212				51	2%
Contracts		2,385	3,621	2,380	2,830				450	16%
Professional Services		96	114	96	84				(12)	(14%)
Operational		470	804	466	601				135	23%
Administration		320	369	302	291				(10)	(4%)
Grants Expense		299	300	222	256				34	13%
Finance Costs		23	41	23	31				8	27%
Expense Total		5,792	8,123	5,649	6,306				657	10%
Capital Expense										
Renewal		185	432	183	312				129	41%
Capital		709	1,796	667	1,143				476	42%
Capital Expense Total		894	2,228	850	1,455				605	42%
Controllable Total		4,661	7,341	4,645	5,946				1,301	22%
Centrally Controlled										
Revenue										
Rates		(6,799)	(8,148)	(6,119)	(6,111)				8	0%
Sale Proceeds - Contra Sales		(3)	-	(3)	-				3	
Transfers from Reserves		(1,003)	(2,852)	(973)	(1,911)				(938)	(49%)
Revenue Total		(7,805)	(11,000)	(7,094)	(8,021)				(927)	(12%)
Expense										
Depreciation		941	1,158	848	869				21	2%
Overheads In		1,894	2,643	1,698	1,981				283	14%
Overheads Out		(644)	(1,104)	(572)	(828)				(256)	(31%)
Transfers to Reserves		51	50	51	39				(11)	(29%)
Expense Total		2,241	2,746	2,024	2,061				37	2%
Capital Expense										
Renewal		10	-	9	-				(9)	
Capital		124	913	124	94				(30)	(31%)
Transfers to Reserves		-	-	-	-				-	
Capital Expense Total		134	913	133	94				(39)	(42%)
Centrally Controlled Total		(5,429)	(7,341)	(4,937)	(5,866)				(929)	(16%)
Surplus (-) / Deficit (+)		(768)	(0)	(292)	79				372	468%



*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

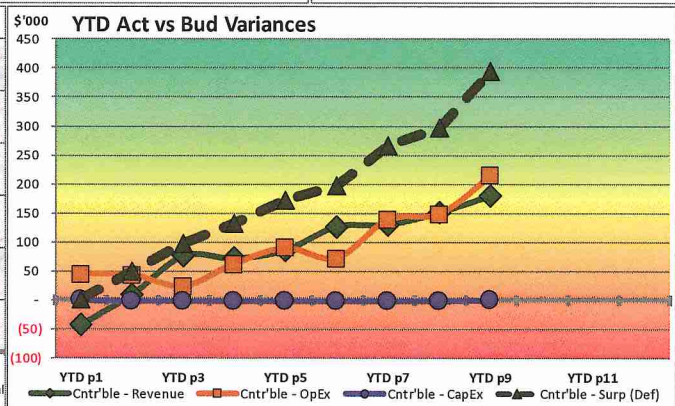
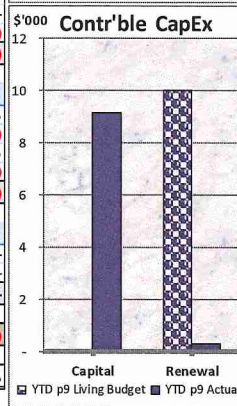
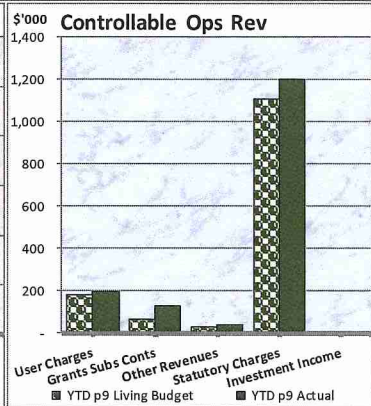
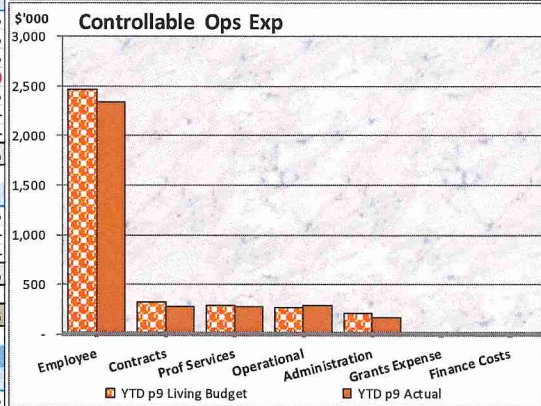
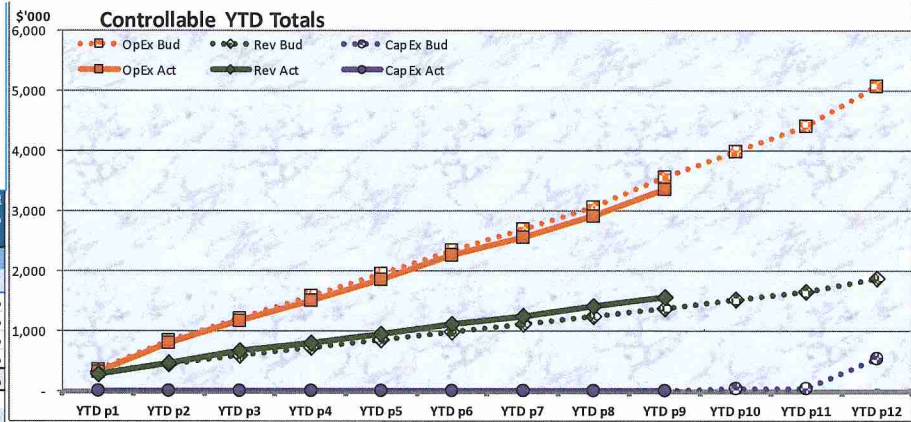
	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Community Services Group	4,109	4,645	5,946	1,301	22%	Parks: \$727k is due to maintenance contract savings and project delays. Additional revenue made up \$238k of the variance. The Aquatic Centre shows a 12% positive variance due to employee savings during the close down and a \$26k Capital underspend in this period. Gallery/Museum 20% positive variance relates to underspent capital.	Monitoring the activities. Employing a Projects Manager for Parks will minimise the project back log. The savings from the new Parks Maintenance contract is positively affecting the Parks budget.
Community_GM	391	406	441	35	8%	Unbudgetable Waitaki Heritage Fund Grant paid out, funded by transfer from reserve, and Youth Council Grant received	No action required
Aquatic_Centre	315	407	462	55	12%	Revenue 9K behind budget due to timing of swim school revenue. Expenses 32K under budget due to employee savings during closedown. Capital expense 26K under budget.	No Action
Community_Safety	68	63	104	41	39%	Reduced expenses due to timing of projects.	No action required.
Gallery_Museum	700	528	661	133	20%	Reduced income due to focus upon revenue raising through grants being focus of Cultural Facility Development Project (CFDP) and focus of output also related to CFDP rather than revenue at this time.	No action required.
Library	593	741	752	11	1%	Operations are largely on budget	Continue to monitor
Oamaru_Opera_House	270	249	263	14	5%	OOH performing well as a meeting hub with more attendees at meetings and events. Upcoming bookings include 5 international tours, 5 national tours and 1 Youth orchestra booking. Concentrated marketing on conferencing and meetings yielded good results, with significant increases in bookings and successful delivery of the AAPG conference hosting approx 80 international delegates.	The Opera House will continue to support local community groups and schools providing meeting and performance space, and expertise of event staff. Programme work and meeting opportunities through industry networks and advertising to increase occupancy. Consistent management of controllable finance to keep operational costs down.
Parks_and_Recreation	1,771	2,252	3,264	1,012	31%	Camping - Season pass sales 52K over budget, Capital under 41K due to projects deferred pending camping review. Cemetery - plot sales 20K down, expenses 21K lower due new contract. Capital 98K down as landscaping for extension to be completed in Autumn. Forestry - good harvest returns from 'Milligans Block'. Management Parks - Expenses 34K under due to valuation and toilet strategy phasing - completion in Autumn. Public Gardens - Increased Depot Lease revenue 15k, new contract savings \$100k, capital 15K down due to deferral of work. Parks - Increased leased camp income 21K, contract savings 89K, Capital 61K under as projects deferred or delayed. Toilets - New contract savings \$40K, Capital 228k under due to budget phasing. Sportsfields - Capital 106K under. Work on Mill Domain scheduled after end of Cricket season. King George Park work deferred.	Camping - Review to start in July 2017. Cemetery - Monitor revenue. Rephase Capital. Forestry - No Action. Management Parks - No Action. Public Gardens - No Action. Parks - Rephase capital. Toilets - Rephase capital and carry forward future years budgets. Sportsfields - Invoice sponsorship in April. Rephase Capital and carry forward budget for King George Park.

Appendix (e) – Variance Reports and Commentaries (continued)
Customer Services

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Level_01	Level_02	Level_03	Level_04
Assets Group	Emergency Serv...		
CEO	Management Cu...	Alcohol Licensing	Parking Enforce...
Community S...	Planning	Animal Control	Parking Facilities
Council	Policy Development	Building Control	Ahuriri
Customer Ser...	Regulatory Serv...	CCT Oamaru	Airedale

	Full	Res	Act	Prjs	PrR	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable											
Revenue											
User Charges			(214)			(339)		(196)	(180)	16	9%
Grants Subsidies Contributions			(164)			(90)		(128)	(68)	61	90%
Other Revenues			(40)			(40)		(38)	(30)	8	28%
Statutory Charges			(1,340)			(1,408)		(1,203)	(1,108)	95	9%
Revenue Total			(1,758)			(1,877)		(1,565)	(1,385)	180	13%
Expense											
Employee Costs			2,399			3,316		2,343	2,468	125	5%
Contracts			282			412		276	322	45	14%
Professional Services			279			519		274	287	13	5%
Operational			284			550		284	271	(14)	(5%)
Administration			171			286		165	215	50	23%
Grants Expense			5			-		5	-	(5)	
Finance Costs			-			-		-	-	-	
Expense Total			3,422			5,083		3,348	3,562	214	6%
Capital Expense											
Renewal			0			42		0	10	10	97%
Capital			9			500		9	-	(9)	
Operational			-			-		-	-	-	
Capital Expense Total			9			542		9	10	1	5%
Controllable Total			1,673			3,748		1,792	2,187	395	18%
Centrally Controlled											
Revenue											
Rates			(2,198)			(2,618)		(1,978)	(1,964)	15	1%
Sale Proceeds - Contra Sales			-			-		-	-	-	
Transfers from Reserves			(186)			(1,155)		(186)	(216)	(30)	(14%)
Revenue Total			(2,384)			(3,773)		(2,164)	(2,180)	(16)	(1%)
Expense											
Depreciation			52			64		47	48	1	2%
Overheads In			3,731			4,482		3,373	3,361	(12)	(0%)
Overheads Out			(3,878)			(4,626)		(3,496)	(3,470)	26	1%
Transfers to Reserves			314			105		314	79	(235)	(298%)
Expense Total			219			25		238	18	(220)	(1,191%)
Capital Expense											
Renewal			-			-		-	-	-	
Capital			0			-		0	-	(0)	
Operational			-			-		-	-	-	
Capital Expense Total			0			0		0	0	0	
Centrally Controlled Total			(2,165)			(3,748)		(1,926)	(2,161)	(236)	(11%)
Surplus (-) / Deficit (+)			(492)			-		(133)	26	159	617%



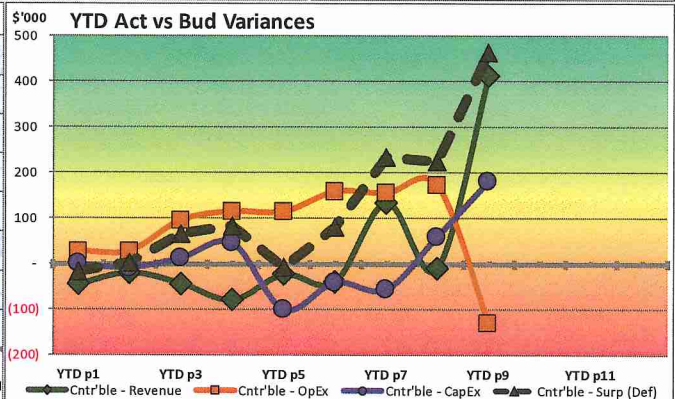
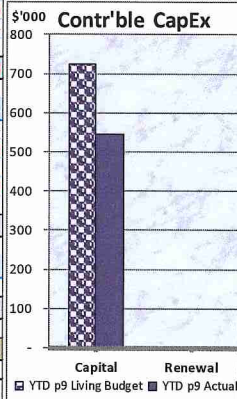
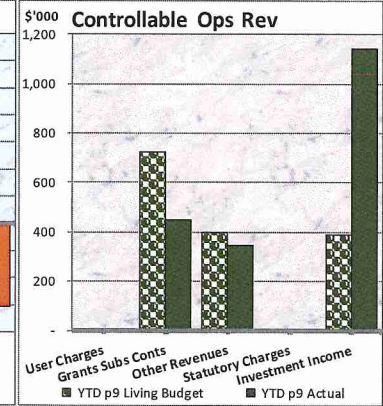
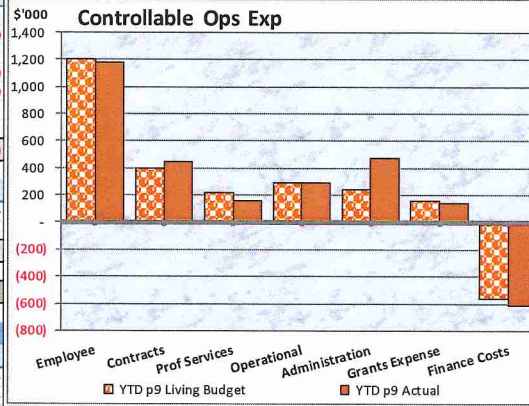
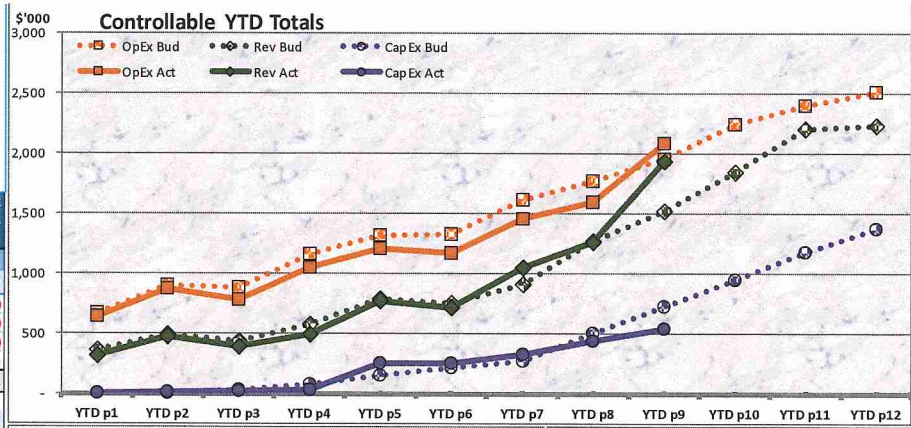
*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Appendix (e) – Variance Reports and Commentaries (continued)
Customer Services – commentary

	last year YTD	this year YTD	budget YTD	variance YTD	Variance YTD%	Manager/Activity(s) Overview:	Solutions/Actions Overview:
Customer Services Group	1,597	1,792	2,183	391	18%	Generally all units are operating at or better than budget, with no areas of major concern.	Continuing to monitor budgets and take action as appropriate
Customer_GM	211	222	238	16	7%	The impact of the restructure means the activity recorded will vary from the budget set. This will be closely monitored to ensure no net overspend.	Continue to monitor and take corrective action as required.
Customer_Contact	372	386	402	16	4%	Budget is on track, monitoring employee cost between HQ and the Waihemo Service Centre. Initial increase in expenditure was in relation to the cost of CCT install at the Waihemo Service Centre in period 1 of this budget. Expecting to reach the end of period 12 with a minor surplus position.	
Emergency_Services	393	384	385	1	0%	Capital projects planned this year will not now proceed. The only significant cost now being incurred is from Otago Regional council	N/A Council involvement in this activity basically ceases at 30 June
Planning	191	187	393	206	53%	Increased economic activity is reflected in more consents being processed which in turn has caused a positive variance in the year to date.	
Policy	331	304	366	62	17%	Employee costs, largely associated with the Corporate Planner and Governance Support roles have generated the underspend. The Corporate Planner position was budget at 1FTE but actual is currently 0.5FTE. Some consultancy budget is being used to assist in delivering the corporate planning work.	
Regulatory	99	310	399	89	22%	Overall regulatory income is over budget, driven by alcohol licensing and commercial building consent applications. Expenditure is 1% underspent \$11K. Additional employee costs have been approved as part of the Regulatory Business case but in the short term we will be spending with contractors and coding cost to backfill expense until recruitment process complete.	Business case approved in December enabling additional staff and funds to support Regulatory

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	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	(4)	(10)	(4)	(7)	(4)	(50%)
Grants Subsidies Contributions	154	(1,300)	(448)	(725)	(277)	(38%)
Other Revenues	(345)	(445)	(345)	(400)	(55)	(14%)
Investment Income	(1,164)	(482)	(1,140)	(392)	748	191%
Revenue Total	(1,359)	(2,237)	(1,937)	(1,524)	413	27%
Expense						
Employee Costs	1,165	1,669	1,179	1,200	21	2%
Contracts	517	533	451	400	(51)	(13%)
Professional Services	160	311	160	220	60	27%
Operational	294	290	294	290	(4)	(1%)
Administration	472	271	470	240	(229)	(95%)
Grants Expense	143	189	143	164	21	13%
Finance Costs	(610)	(747)	(614)	(560)	53	10%
Expense Total	2,141	2,515	2,084	1,954	(130)	(7%)
Capital Expense						
Renewal	-	-	-	-	-	-
Capital	544	1,375	544	725	181	25%
Capital Expense Total	544	1,375	544	725	181	25%
Controllable Total	1,326	1,653	691	1,155	464	40%
Centrally Controlled						
Revenue						
Asset Disposal & Fair Value Adjus	-	-	-	-	-	-
Physical Resources Received Free	-	-	-	-	-	-
Rates	164	159	147	119	(28)	(23%)
Sale Proceeds - Contra Sales	-	-	-	-	-	-
Transfers from Reserves	(180)	(679)	(174)	(157)	16	10%
Revenue Total	(17)	(520)	(26)	(38)	(12)	(31%)
Expense						
Asset Disposal & Fair Value Adjus	50	-	50	-	(50)	-
Depreciation	105	125	94	94	(1)	(1%)
Overheads In	352	436	317	327	10	3%
Overheads Out	(1,915)	(2,513)	(1,705)	(1,884)	(179)	(9%)
Transfers to Reserves	185	578	185	433	249	57%
Expense Total	(1,223)	(1,373)	(1,059)	(1,030)	29	3%
Capital Expense						
Capital	180	240	180	180	-	-
Capital Expense Total	180	240	180	180	-	-
Centrally Controlled Total	(1,059)	(1,653)	(905)	(888)	17	2%
Surplus (-) / Deficit (+)	267	(0)	(214)	267	481	180%



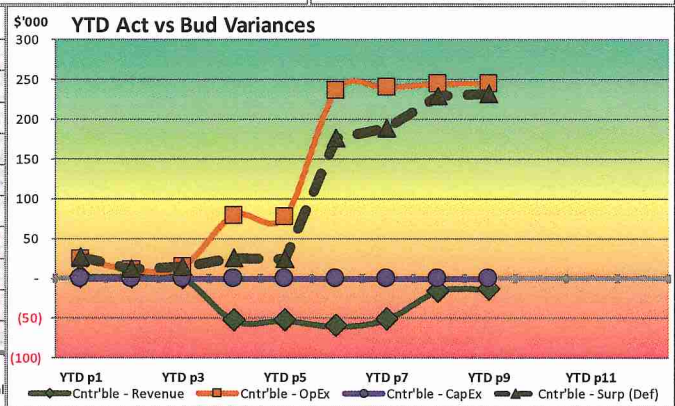
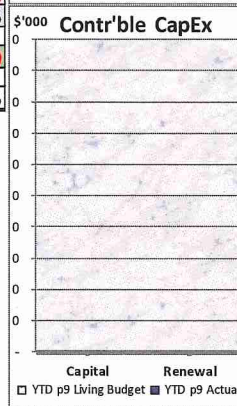
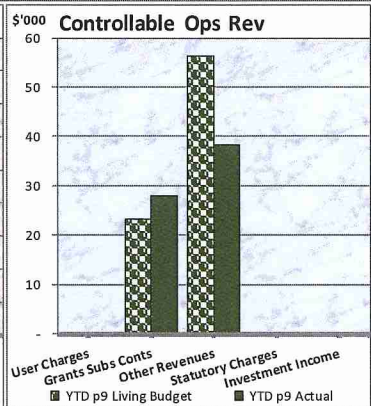
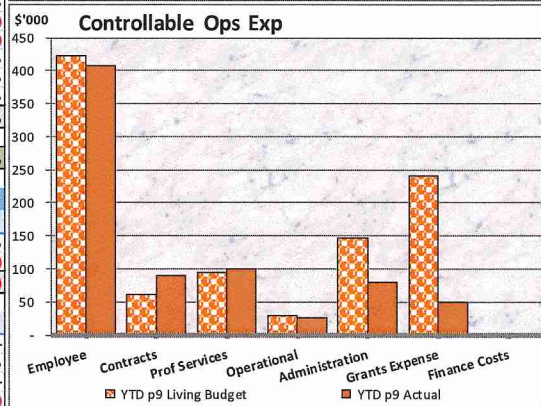
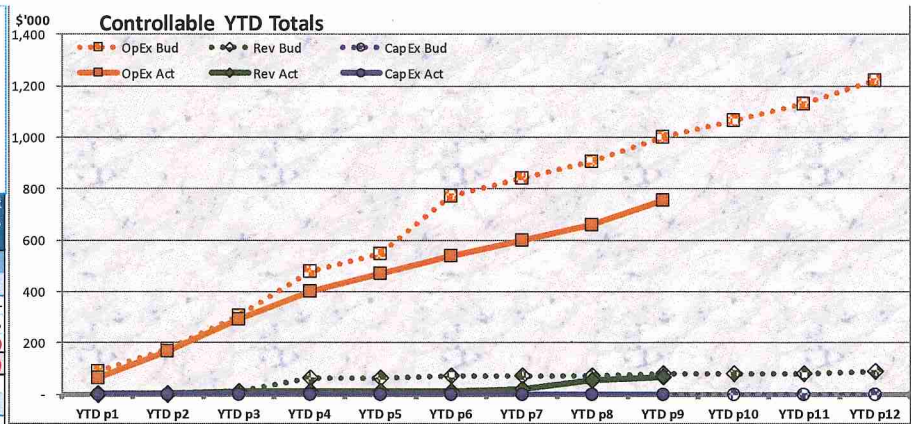
*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Chief Executive - commentary

		last year	this year	budget	variance	Variance	Manager/Activity(s) Overview:	Solutions/Actions Overview:
		YTD	YTD	YTD	YTD	YTD%		
CEO		355	117	1,022	906	89%	Results reflect the adjustments that have been made over the last month. Although the rating sale process is not quite complete, reasonable estimates were possible so appropriate adjustments have been made and reported this period. The variance in ED primarily relates items where revenue was received last year but expense incurred this year. Reserve transfer will be used to net off any potential "rate" impact.	Plans are in place to use the finance savings to fund the development of a reporting tool to replace the internally developed HUB. Council also needs to make a decision on how the extra distribution from Whitestone Contracting should be utilised.
CEO		463	365	358	(7)	(2%)	The variance in professional services expense will be addressed by year end. All other variances are minor in nature.	Underway
Finance	Economic Developme	639	690	559	(130)	(23%)	The receipt of the Whitestone distribution is now reflected in the actual result creating a significant positive variance. The Business Analyst vacancy and penalty income variance reported last month are still to be actioned. There have been minor delays with the rating sale process which will mean the impact is shown in April not this report.	Action on the urgent Information Mangement issues is underway. Some of the salary saving will be used to implement the replacement for the HUB reporting tool. Timing will be set by the end of April.
	Finance	871	797	906	108	12%		
	Treasury	(1,804)	(1,970)	(1,048)	921	88%		
	ReOrg CCs	3	-	-	-	-		
Human_Resources		184	234	248	14	6%	Timing issues, on track now.	-

WDC 2017 Operating Statement
Mon 01 May 2017 6:50 AM

	YTD Actual	FY Living Budget	YTD p9 Actual	YTD p9 Living Budget	YTD p9 Act vs Bud	YTD p9 Act vs Bud %
Controllable						
Revenue						
User Charges	-	-	-	-	-	-
Grants Subsidies Contributions	(28)	(31)	(28)	(23)	5	20%
Other Revenues	(38)	(56)	(38)	(56)	(18)	(32%)
Revenue Total	(66)	(87)	(66)	(80)	(13)	(17%)
Expense						
Employee Costs	445	543	408	423	15	4%
Contracts	89	62	89	62	(28)	(45%)
Professional Services	4	127	100	96	(4)	(4%)
Operational	33	30	27	30	4	12%
Administration	123	172	79	147	68	46%
Grants Expense	50	286	50	240	190	79%
Expense Total	744	1,221	753	998	245	25%
Controllable Total	678	1,133	687	918	231	25%
Centrally Controlled						
Revenue						
Rates	(2,979)	(3,497)	(2,681)	(2,623)	58	2%
Transfers from Reserves	(75)	(318)	(75)	(278)	(203)	(73%)
Revenue Total	(3,054)	(3,815)	(2,756)	(2,901)	(144)	(5%)
Expense						
Depreciation	-	-	-	-	-	-
Overheads In	2,022	2,642	1,805	1,982	177	9%
Overheads Out	-	-	-	-	-	-
Transfers to Reserves	74	40	74	30	(44)	(147%)
Expense Total	2,096	2,682	1,879	2,012	133	7%
Centrally Controlled Total	(958)	(1,133)	(877)	(889)	(12)	(1%)
Surplus (-) / Deficit (+)	(280)	-	(190)	29	220	751%



*For Variances (Act vs Bud), Positive=Surplus, Negative=Deficit * Key: Act=Actual, Bud=Budget, YTD=Year to Date, pX=Period X

Finance, Audit and Risk Committee Report

From Chief Financial Officer

Date 10 May 2017

Fourth Quarter 2016-17 Treasury Strategy

Recommendations

The Committee recommends to Council that it adopts the proposed Treasury Strategy for the fourth quarter of the 2016/17 financial year, continuing the use of term deposit facilities for terms between 7 days and 12 months, dependent on short-term operational cash requirements and on achieving target interest rates.

Objective of the Decision

To report on Council's proposed Investment Strategy for the fourth quarter of the 2016/17 financial year.

Background

The Investment Policy adopted as part of the 2015-25 Long Term Plan sets out certain reporting and accountability requirements, including regular reporting to Council of outcomes in the treasury area and the adoption of a quarterly Treasury Strategy.

In line with the strategic direction set by the FAR Committee, officers have been investing surplus funds on a relatively short term basis unless there was a special or particularly attractive longer term offer. Only offers from approved institutions are considered, and only four such institutions are used.

The Observatory Village Charitable Trust has been drawing on the loan facility provided by Council – to date the amounts involved have been lower than was indicated in the drawdown schedule provided by the Trust in May. However, Council has also approved additional loan and grant funding for the Trust.

Council has responded favourably to a request from the Oamaru Whitestone Civic Trust for additional, interest-free, funding of \$100k.

Council has also advanced \$416k to Tourism Waitaki to provide the cashflow to fund improvements to Council owned assets at the Penguin Colony. The cost of the work will be recovered from the company over the term of its lease.

Summary of Decision Making Criteria

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Moderate	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	No	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

Discussion

As part of the cash management process, consideration is continually given to the appropriate mix of term deposit – long and medium term as well as extremely short term, and holding minimal funds in the call and cheque accounts.

The Official Cash Rate (OCR) is currently 1.75%, its lowest point ever. Reductions in the OCR initially resulted in dramatically lower interest rates on deposits, but in an effort to re-balance their portfolios and to meet Reserve Bank funding requirements, banks are now inching those interest rates up. Currently, the ANZ Bank is offering 4% or better for terms exceeding nine months, and while other banks have yet to match these rates, it follows that they will eventually be forced to in order to retain and attract investment funds. The 2016/17 Annual Plan anticipated lower interest rates, and increasing rates are now proving a bonus.

Deferred capital projects and slower drawdown of the retirement village loan have meant that Council currently has had more funds for investment than was expected for much of the year so far, and is currently producing better investment returns than were budgeted. These improved returns are likely to continue until the end of the financial year.

Summary of Options Considered in relation to the adoption of the Treasury Strategy

Option One: Adopt the Treasury Strategy, utilising both long and short-term deposits; making minimal use of the call account; and tailoring term deposits to meet operational and capital requirements (recommended).

Option Two: Direct officers to research and develop an alternative strategy.

Option Two is not recommended.

Implementation of the Preferred Option

Target ranges have been updated to reflect the range of rates currently on offer. As noted, ANZ is currently offering the best rates, but Council currently has invested the maximum limit of \$5 million with this provider.

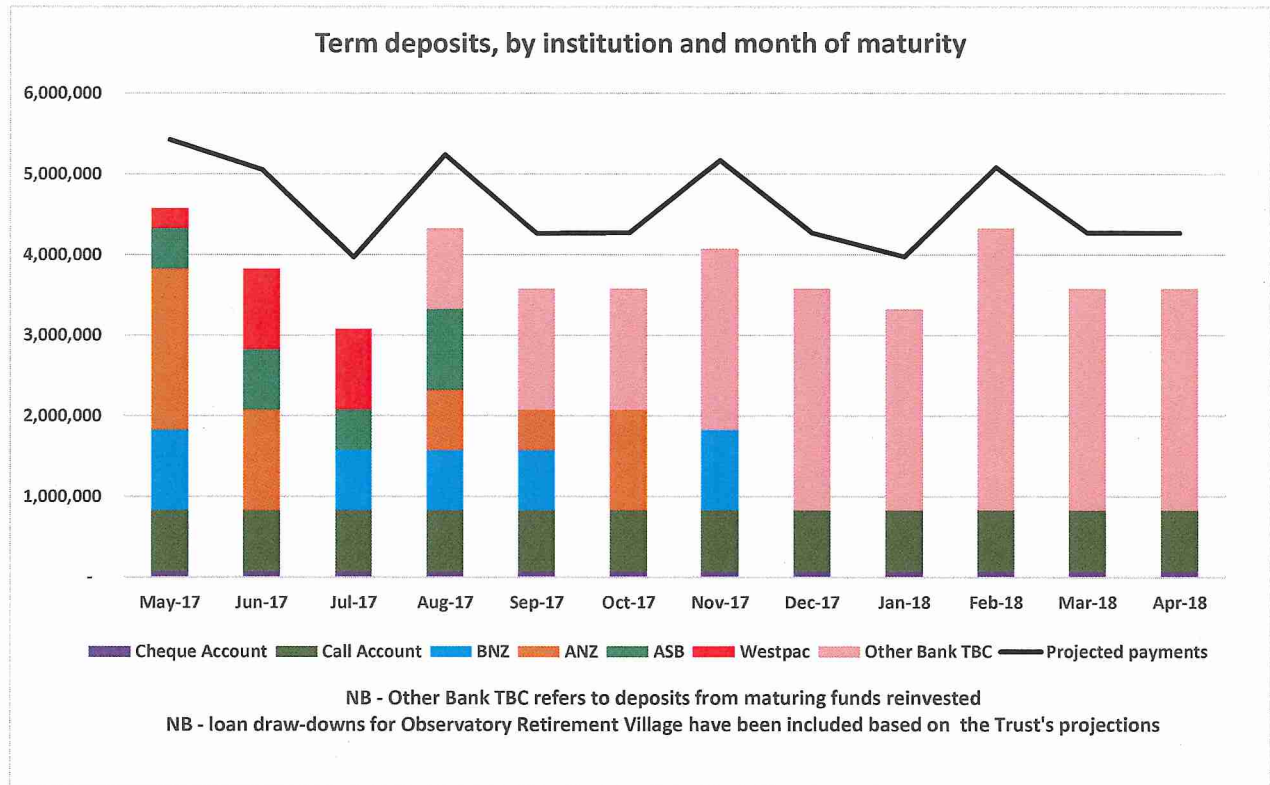
Council has been partially shielded from the full effect of lower rates by the interest earned on the NOIC loan, and this is expected to increase from 1 July in line with the general upward movement in rates. The following are proposed as acceptable target ranges for Council deposits over the next few months:

Term of investment	Target interest rate range	
	Minimum	Maximum
Up to & including 30 days (only 2 banks)	1.75%	>2.00%
Between 30 and 60 days	2.50%	>2.90%
Between 60 and 90 days	2.70%	>3.20%
Between 3 and 6 months	3.10%	>3.60%
Between 6 and 9 months	3.25%	>3.85%
Between 9 and 12 months	3.60%	>4.00%

- Officers will exceed the prescribed minimum levels where possible, but if this cannot be achieved, deposits will be placed at rates better than those paid on the call account.
- Only minimal use will be made of the call and cheque accounts as fund repositories.
- Deposits will generally be placed for periods between 7 days and 12 months, always having regard to projected cash flow requirements and the need to maintain flexibility.
- Deposits will usually be between \$250,000 and \$1,000,000, but may vary from this range in response to special rates and other considerations as long as operational requirements are not compromised.
- Deposits for periods over six months will be dependent on assessing cash flow during that period.
- Deposits over \$1,000,000, or for over one year, will only be considered if rates far exceed the target ranges, and the funds are confirmed as surplus to forecast operational requirements.
- Officers may add other banks to those Council already deals with provided they meet Council's criteria in order to benefit from competition for investment funds.
- If, as a consequence of implementing the treasury strategy, the main bank account becomes overdrawn officers will take every practical step to minimise the amount and duration of the overdrawn position while not compromising investment returns.

It should be noted that the rates below 30 days have been cut drastically. Only two of the banks Council deals with offer investment options in this range. However, with money held in Call Accounts at all four providers now returning only 0.25%, rates of 1.75 to 2% must still be considered attractive.

Projected cashflows over the next twelve months are outlined below.



Notes:

- The gap between maturing deposits and projected payments in any month will be met by the use of operational cash flows.
- The graph shows the maturity months and amounts of known term deposits, and the assumed timing and amounts of funds reinvested and new deposits (Bank TBC) – at this time, details of amounts, terms and institutions are not certain.
- Minimal use will be made of the call and cheque accounts, but these facilities still feature as part of Council's overall Treasury Strategy.

Ian Wells
Accounting Manager

Paul Hope
Chief Financial Officer

Finance Audit and Risk Committee Report

From Property Manager

Date 10 May 2017

Cirrus Place

Recommendations

The Finance, Audit and Risk Committee recommends that Council write off the Cirrus Place subdivision residual loan balance as at 30 June 2017 and that this be funded from the general reserve.

Objective of the Decision

To reduce financial exposure to Council by paying off debt that has compounding interest and no longer has land assets available to sell to reduce the remaining debt.

Summary of Decision Making Criteria

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	No	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	Key	Economic Considerations	Key
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

Background

In 2007, Council developed a two stage subdivision which it funded through a loan. This subdivision was part of a process to ensure the viability of the Omarama Airport Limited.

Stage One (Airport Drive), comprised of five larger sections (ave. 2,250m²) and sold very quickly.

Stage Two (Cirrus Place) comprised of 21 smaller sections (ave. 700m²). The Global Financial Crisis (GFC) affected the sale progress of the second subdivision and compounding interest added to the debt. It started well in 2009 with five sales, then only three sales between 2010 and 2016. The remaining sections were sold in 2017 after stronger interest.

Sales history

Financial Year	Subdivision	Number of Sections Sold	Sales Proceeds
2007	Airport Drive	5	666,666.67
2009	Cirrus Place	5	430,222.22
2012	Cirrus Place	1	82,608.67
2015	Cirrus Place	1	57,528.85
2016	Cirrus Place	1	61,739.13
2017	Cirrus Place	13	917,386.93
Total sales proceeds	Cirrus Place		1,549,485.80

Due to the lag in sales between 2009 and 2017, the sales will not produce sufficient funds to fully repay the outstanding internal loan as was originally planned. The shortfall is expected to be \$440k as at 30 June 2017. This is predominantly related to the costs associated with compounding interest on the subdivision.

The costs and sales figures associated with each subdivision is detailed below.

Omarama Subdivisions	*Costs	Sales	*Gain/(Loss)
- Stage One (Airport Drive)	438,684.00	666,666.67	227,982.67
- Stage Two (Cirrus Place)	1,655,505.61	1,549,485.80	-106,019.81
*excludes compounding interest expense	2,094,189.61	2,216,152.47	121,962.86
Compounded interest expense	562,352.93		-562,352.93
Total Stage One & Two with Interest Expense	\$2,656,542.54	\$2,216,152.47	\$-440,390.07

Summary of Options Considered

Option 1 – Write off the loan by paying off the debt from general reserve (recommended)

The final sections have been sold meaning that there is no remaining land to sell to pay off this debt. This option writes off the remaining loan ensuring that interest is no longer accrued and compounded on a loan.

Although this uses unbudgeted general reserve funds, Property also contributes to the general reserve when rental generated income exceeds budget, which it has done for several years. This is an appropriate use of funds to reduce the long term financial cost to Council for this debt.

Option 2 – Rate fund the interest and principle

The debt will not grow and future property sales can be assigned to pay off this debt, however this debt reduction method has been tried before and been unsuccessful for debt with compounding interest as there are no guarantees that future property sales will be timely or sufficient to cover the property debt. Around \$35k is required each year for 20 years to fully repay the debt.

Option 3 – Rate fund the interest component and pay debt with future property sales

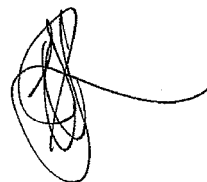
The debt will not grow and future property sales can be assigned to pay off this debt, however this debt reduction method has been tried before and been unsuccessful for debt with compounding interest as there are no guarantees that future property sales will be timely or sufficient to cover the property debt. Around \$22k is required each year to cover the interest cost.

Option 4 – Status Quo - Do Nothing

Debt will continue to grow due to compounding interest. There are no more properties attached to this debt that can be sold to pay off the balance. The debt will continue to grow, starting around \$22k each year until a debt repayment strategy for this debt is established.

Conclusion

The land that generated this debt has been sold and it is recommended that Council now write off the remaining debt attached to the sold land, at year end.



Renee Julius
Property Manager

Neil Jorgensen
Assets Group Manager

Attachments

Additional decision making considerations

Additional Decision Making Considerations

The following matters have been considered in making the decisions.

Financial Considerations

The loan servicing costs on debt should, at the very minimum, have the interest component funded. Failure to do so quickly increases the debt balance over time.

We keep our District affordable – by paying off debt as it is realised means ratepayers will not be exposed to compounding interest applied to debt. This is a cost effective way to manage Council debt.

Finance, Audit and Risk Committee Report

From Chief Financial Officer

Date 10 May 2017

Irrigation Remissions

Recommendations

The Finance, Audit and Risk Committee recommends to Council that, due to the resolution of valuation issues, no remissions be granted on irrigation assessments for the 2017/18 rating year.

Objective of the Decision

To consider whether further remissions should be granted on irrigation schemes entered in the District Valuation Roll (DVR).

Summary

Due to a dispute over valuation methodology, the impact on rating values and rates payable, Council granted a full and then 50% remission on irrigation company value based rates. Now that the dispute has been resolved, it is recommended that no similar remission be granted for the 2017/18 rating year.

Summary of Decision Making Criteria

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Moderate	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	Moderate	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

Background

The Office of the Valuer General (OVG) required all irrigation schemes to be entered into District Valuation Roles in 2014-15. This decision was enacted by Valuation Service Providers (VSP) late in that year which gave irrigators limited time to understand this change and limited ability to object to the valuation amounts and methodology. Because of this timing issue, Council decided to fully remit the valuation based rates on these entities for the 2015-16 year and remit 50% in 2016-17. The total remission granted for 2016-17 was \$40,770.

Discussion

Over the last 18 months the OVG, VSPs (primarily Quotable Value) and Irrigation New Zealand have been discussing which valuation methodology should be used for irrigation assets to be included in the DVR. This has now been settled, the valuations performed and the changes advised for inclusion in the DVR.

For Waitaki this means the following changes are now included:

Ratepayer	CV after RID adj Ready for 2017/18	CV 16/17	New v Old Valuation
North Otago Irrigation	51900000	52150000	99.5%
Lower Waitaki Irrigation	4500000	4600000	97.8%
Maerewhenua District	540000	500000	108.0%
Benmore Irrigation	900000	900000	100.0%
Kurow-Duntroon Irrigation	650000	3910000	16.6%

Given that this valuation issue has been resolved there seems to be little justification for a remission or other discounting of the rates irrigation providers should pay. This will bring them back into line with other private and public infrastructure providers with rateable assets.

The way remissions are reflected in the rates calculation is that the total required is grossed up for any remissions, the rates are calculated and set, the remission is then passed back as a benefit to the specific properties and Council ends up with the correct net amount. If the remission is not granted this then has the impact of reducing the remission "expense" and therefore the gross amount to be charged. If there were no other changes the net result would be that the irrigators pay more and everyone else a very small amount less. This rather circular exercise can be discussed in more detail at the meeting.

Summary of Options Considered

Options to consider

Option 1. Provide no rates remission on value based rates charged on irrigation entries in the District Valuation Role.

Option 2. Grant a 50% remission on value based rates charged on irrigation entries in the District Valuation Role.

Assessment of Preferred Option

The charging of full rates will bring irrigators in line with other infrastructure providers that have rateable assets. The valuation methodology has now been set after discussions with the affected parties and now has to be considered a fair and valid entry in the DVR.



Paul Hope
Chief Financial Officer

Finance, Audit and Risk Committee Memorandum

From Chief Financial Officer

Date 10 May 2017

Corporate Group Activity Report to 30 April 2017

Recommendation

That the Committee receives the information.

Summary

This memorandum provides an update to the Committee on various finance, information management and business development related matters.

Introduction

A number of staff took advantage of the opportunity presented by two long weekends and a pause in the annual plan process to take leave. This had an impact on what was achieved over the period but was a good opportunity to “recharge” before the activity picks up as year-end approaches, the Annual Plan finishes, LTP and Annual Report start and other projects gain momentum.

Discussion

Finance – Policy and General

The Chief Financial Officer (CFO) attended the inaugural meeting of the Canterbury Finance Forum. This is a new group established by the Canterbury Chief Executives Forum to promote cross-councils initiatives in the Finance/Corporate areas.

Following on from the value provided by the last engagement, Waitaki has joined a number of other South Island councils participating in the Deloitte shared internal audit service being offered in 2017. The results of this exercise, including comparative and best practice results, will be presented later in the year.

The lack of suitable resources means that the Accounts Payable improvement process is still on hold and will feature in some form in the interim management report from Audit New Zealand. They completed their interim audit during the month and expect to send a report in the next week or so.

Finance – Accounting and Transactional

The focus for the month other than business as usual was assisting Audit New Zealand with the interim audit.

Finance – Rates

Quotable Value (QV) have started the process of collecting the specific information they need to perform various aspects of the triennial rating revaluation. The rates team are working with QV to make sure they are aware of what is being requested and released to the public so they can assist or redirect ratepayers as required. A key observation from the year to date is the volume and value of property sales that have occurred. This level of activity could have a significant impact on the outcome of the revaluation.

The rating sale process has also provided valuable lessons to the team including a number of ways that the collection process can be sped up in the future.

Information Management

In addition to delivering business as usual the IM team advanced a number of projects including:

- Assisting with the RFID and library redevelopment
- Developing a Sharepoint tool to capture consultation feedback
- Progressing a new, easier to use GIS tool

- Resolved a number of management letter issues prior to the audit visit
- Investigating ways to meet current and future telecommunication requirements

Further progress in a number of areas will accelerate once the recruitment process for a number of positions are concluded.

Corporate and Business Development

There are three development projects that will get underway over the next two months.

The first of these was to select PROMAPP as a tool to document systems and processes in a consistent and more visible manner. This is a tool that is used by a number of other Councils and they gave positive feedback on the system prior to the decision to join. By joining we also gain access to all of the work they have undertaken to date.

The other two projects involve improvements to the Authority product. The first is the implementation of BIZ to replace the HUB reporting tool. This is seen as a more secure long term solution for our reporting needs than the continued development of an in-house solution. The second project is starting a review of key modules to see how we are operating them and if there opportunities to make improvements to the way we use it now and after the next upgrade occurs.

Insurance

During the month Council was visited by Ian Brown and Jane Brown from Civic Financial Services (formerly Civic Assurance Limited). They updated Council on developments in the sector, particularly as they relate to Local Authority Protection Programme (LAPP), Kiwisaver and Combined Liability Cover. Of particular note was that the company will not offer professional and public indemnity cover in 2017-18 but that they had made arrangements for all outstanding matters to be transferred to a new provider. Council will receive proposals for cover in May and will have cover in place prior to the start of the new financial year.

Council Controlled Organisations and Other Entity Monitoring

Considering the Statements of Intent is the next process to be completed and this is now underway.

Rural Fire

The final payment to the Otago Rural Fire Authority (ORFA) was made in April. This was only made after it was confirmed by the ORFA Board that it was required and that there would be no transfer of any "cash" assets to Fire and Emergency New Zealand (FENZ). The Board advised that they had used the reserve available to improve the vehicle fleet. This was done to address identified volunteer and staff safety issues and it was unclear when FENZ would be able to do this. In terms of Waitaki this meant the replacement of tankers for the Waitaki and Kurow Volunteer Rural Fire Forces. These last two significant upgrades mean that ORFA, with strong support from Council, has significantly reduced the age and improved the capability of virtually all of the tankers based in Waitaki over the last three years.

A further very positive note the Board also pointed out was that even with the uncertainty created by the FENZ transition, they had a growth in volunteers over the last year with over 20 people going through the vetting and training process. This is a very positive reflection on the Board and staff of ORFA and shows the impact they have had on this critical emergency service over the three year life.



Paul Hope
Chief Financial Officer