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**Committee** Policy, Finance and Strategy  
**Author** Jane Loughnan, Financial Accountant

## **Financial Report for the eleven months ended 31 May 2005**

### **1. Purpose**

To inform the Committee of the financial performance of the Council for the eleven months ended 31 May 2005.

### **2. Significance of the Decision**

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

### **3. Comment**

Consistent with Council's decision to receive detailed financial reports each quarter, this report provides a high level update, with explanations by exception.

The year-to-date figures reflect continued favourable financial results, with an operating surplus of \$9.8 million and net capital expenditure of \$5.8 million.

### **4. Financial Performance**

#### **4.1 Year to Date Operating Surplus**

The year-to-date operating surplus excluding Mabey Road is \$6.7 million (budget a deficit of \$0.1 million). Including Mabey Road the surplus rises to \$9.8 million.

The year-to-date surplus has decreased when compared with the previous month due to the timing of expenditure, especially in Transport.

#### **4.2 Forecast Operating Surplus**

The forecast surplus has increased to \$10.3 million from the previous forecast of \$10.0 million. The increase is due to higher levels of re-budgets in Transport.

2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s		2004/05 Year Budget \$000s	2004/05 Year Forecast April \$000s	2004/05 Year Forecast May \$000s
			<b>OPERATING SURPLUS (DEFICIT)</b>			
812	(329)	1,141 F	Water Group	(392)	824	824
(281)	(35)	246 U	Plantation Forestry	(39)	(368)	(368)
<b>531</b>	<b>(364)</b>	<b>895 F</b>	<b>Utility Services</b>	<b>(431)</b>	<b>456</b>	<b>456</b>
1,617	(1,036)	2,653 F	Transport	(1,133)	2,155	2,453
2,051	1,941	110 F	Landcare	1,985	1,558	1,558
451	15	437 F	Environment	(59)	189	189
(490)	(289)	201 U	Wairarapa	(44)	(350)	(350)
(57)	(14)	43 U	Corporate Advisory Services	(6)	(20)	(20)
919	158	761 F	Finance & Admin	39	453	453
(86)	(124)	38 F	Chief Executive	(135)	(91)	(91)
(135)	(157)	22 F	Investment in Democracy	(148)	(122)	(122)
<b>4,801</b>	<b>130</b>	<b>4,671 F</b>	<b>Net Divisional Surplus (Deficit)</b>	<b>68</b>	<b>4,227</b>	<b>4,525</b>
8,695	6,722	1,973 F	Investment Management	8,509	10,267	10,267
(6,988)	(6,988)	-	Business Unit Rates Contribution	(7,624)	(7,624)	(7,624)
137	0	137 F	Wellington Regional Strategy	0	0	0
<b>6,645</b>	<b>(137)</b>	<b>6,782 F</b>	<b>Total Operating Surplus (Deficit)</b>	<b>953</b>	<b>6,870</b>	<b>7,168</b>
3,155	0	3,155 F	Landcare Sale of Mabey Road	0	3,155	3,155
<b>9,800</b>	<b>(137)</b>	<b>9,937 F</b>	<b>Council Operating Surplus (Deficit)</b>	<b>953</b>	<b>10,025</b>	<b>10,323</b>

### 4.3 Net Capital Expenditure

Excluding the sale of Mabey Road, year-to-date net capital expenditure for the eleven months is \$9.2 million, \$2.8 million below budget.

2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s		2004/05 Year Budget \$000s	2004/05 Year Forecast April \$000s	2004/05 Year Forecast May \$000s
			<b>NET CAPITAL EXPENDITURE</b>			
3,146	4,847	1,701 F	Utility Services	5,883	4,237	4,237
3,737	4,728	991 F	Landcare	4,897	4,958	4,958
423	459	36 F	Environment	554	422	422
139	306	167 F	Transport	306	239	239
603	684	81 F	Wairarapa	1,014	846	846
717	947	231 F	Finance & Admin	1,228	796	796
99	88	11 U	Corporate Advisory Services	88	136	136
24	30	6 F	Investment in Democracy	52	52	52
336	0	336 U	Investment Management	531	334	334
<b>9,223</b>	<b>12,088</b>	<b>2,865 F</b>	<b>Total Capital Expenditure</b>	<b>14,553</b>	<b>12,020</b>	<b>12,020</b>
(3,385)	0	3,385 F	Sale Proceeds Mabey Rd land	0	(3,385)	(3,385)
<b>5,838</b>	<b>12,088</b>	<b>6,250 F</b>	<b>Total Net Capital Expenditure</b>	<b>14,553</b>	<b>8,635</b>	<b>8,635</b>

The variances in May are due to timing differences with vehicle replacements and capital works. These have already been noted to Council in previous reports.

#### 4.4 Funding Position

2004/05 YTD Actual \$000s	2004/05 YTD Budget \$000s	Actual vs Budget Variance \$000s	Funding Statement	2004/05 Year Budget \$000s	2004/05 Year April Forecast \$000s	2004/05 Year May Forecast \$000s
9,800	(137)	9,937 F	Operating surplus (deficit)	953	10,025	10,323
5,301	8,104	2,803 U	Add back non-cash items	8,969	6,367	6,368
0	0	-	Reserve investment movements	0	(1,082)	(1,382)
<b>15,101</b>	<b>7,967</b>	<b>7,134 F</b>	<b>Funding Surplus (Deficit) from Operations</b>	<b>9,922</b>	<b>15,310</b>	<b>15,310</b>
(5,838)	(12,088)	6,250 F	Net capital expenditure	(14,553)	(8,635)	(8,635)
2,547	2,537	11 F	Other investment movements	2,146	2,117	2,117
0	0	-	Internal debt movements	0	(206)	(206)
(8,835)	2,185	11,019 U	External debt movements	2,485	(8,664)	(8,664)
<b>2,976</b>	<b>600</b>	<b>2,376 F</b>	<b>Net Funding Surplus (Deficit)</b>	<b>0</b>	<b>(78)</b>	<b>(78)</b>

The higher forecast surplus, when compared with budget has been used primarily for debt repayment.

The Council's debt at your end is forecast at \$53.5 million compared with budgeted debt of \$66.2 million.

#### 5. Communications

No communications are necessary.

#### 6. Recommendations

*That the Committee*

*(1) Receive the report.*

*(2) Note its contents.*

Report prepared by:

Report approved by:

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Chief Financial Officer