



Finance, Audit & Risk Committee

AGENDA

1.30pm Wednesday 13 July 2016

**Council Chamber, Wairoa District Council, Coronation
Square, Wairoa.**

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz



Agenda

CHAIRMAN: Councillor J Harker

MEMBERSHIP: Councillor D. Eaglesome-Karekare (Deputy Mayor), His Worship the Mayor Mr C Little, and Mr P Jones

	Pages
Procedural Items	
1. Karakia	
2. Apologies for Absence	
3. Declarations of Conflict of Interest	
4. Chairman's Announcements	
5. Items of Urgent Business not on the Agenda	
6. Public Participation A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 3 minutes per person is allowed.	
7. Minutes of the Previous Meeting	4-9
General Items	
8. Health & Safety Report J Baty – Corporate Services Manager	10-15
9. Monthly Financial Report to 30 April 2016 C Hankey – Financial Planning Manager	16-55
10. Monthly Financial Report to 31 May 2016 C Hankey – Financial Planning Manager	56-95

Public-Excluded Items

- | | | |
|------------|--|----------------|
| 11. | Resolution to Exclude the Public | 96-97 |
| 12. | Confidential Minutes of Previous Meeting | 98-101 |
| 13. | Audit Management Report 2015 – Progress Tracker
A Morton – Chief Financial Officer | 102-109 |
| 14. | Finance Report April 2016 – Other Debtors
C Hankey – Financial Planning Manager | 110-115 |
| 15. | Finance Report May 2016 – Other Debtors
C Hankey – Financial Planning Manager | 116-121 |
| 16. | Sealed roads procurement independent review
J Cox – Engineering Manager | 122-133 |

General Items

- | | | |
|------------|---|----------------|
| 17. | Independent procurement strategy review
J Cox – Engineering Manager | 134-169 |
|------------|---|----------------|



Minutes of an Ordinary Meeting of Finance, Audit & Risk Committee

1.30pm Wednesday 11 May 2016 held in the Council Chamber, Wairoa District Council, Coronation Square, Wairoa.

Present: Councillor J Harker (Chairman)

His Worship the Mayor Mr C Little, Councillor D Eaglesome-Karekare (Deputy Mayor), Philip Jones (independent member)

F Power	(Chief Executive Officer)
J Cox	(Engineering Manager)
A Morton	(Chief Financial Officer)
J Baty	(Corporate Services Manager)
C Hankey	(Financial Planning Manager)
S Mutch	(Partner Ernst and Young)
C Torrie	(CCO Chair - QRS Board)

Procedural Items

1. Civic Prayer

The civic prayer was given by the Corporate Services Manager

2. Apologies for absence

None

3. Declarations of Conflict of Interest

Councillor Harker declared a pecuniary interest on agenda item 17 (Shortlisting of applicants for interview for the QRS Director vacancies) as he is an employee of QRS.

4. Chairman's Announcements

None

5. Items of Urgent Business not on the Agenda

None

6. Public Participation

None

7. Minutes of the Previous Meeting

Resolved: *That the minutes of the Ordinary Meeting of the Finance, Audit & Risk Committee held on 1 March 2016 be confirmed as a correct record of the proceedings.*

Eaglesome-Karekare/Harker

8. Health & Safety Update

The Corporate Services Manager presented the report.

Points of clarification were sought regarding:

- Record of audits undertaken in respect of contractors and how these are to be reported to the Finance, Audit & Risk Committee in the future. A dash board approach to be implemented reporting on the numbers of audits undertaken and incidents reported by contactors.

Resolved: *That the Finance, Audit & Risk Committee receives this report and recommends that Council adopt the new Health and Safety Manual.*

Jones/His Worship the Mayor

9. Monthly Financial Report to 28 February 2016

10. Monthly Financial Report to 31 March 2016

The Chief Financial Officer and Financial Planning Manager presented the reports.

Points of clarification were sought regarding:

- Rates as a Percentage of Income between the two reports. It was noted that subsequent to the close off of the accounts for the end of the month that \$1.1M of January NZTA Capital Subsidy was not re-accrued in February. It was noted that the funds had been received by Wairoa District Council, there was a missed step in the recording of the invoice in February that has since been addressed. This was rectified for the March 2016 report.

Resolved: *That the Monthly Financial Reports to 28 February 2016 and to 31 March 2016 be received.*

His Worship the Mayor/Eaglesome-Karekare

Resolved: *That the Finance, Audit & Risk Committee extends its compliments to the entire finance team for the significant improvement in financial reporting.*

His Worship the Mayor /Eaglesome-Karekare

11. Resolution to Exclude the Public

Resolved: *That the public be excluded from the following parts of the proceedings of this meeting, namely:*

1. *Confidential Minutes of Previous Meeting*
2. *Audit Management Report 2015 – Progress Tracker*
3. *Wairoa District Council Audit Plan for the year ending 30 June 2016*
4. *Finance Report February 2016 – Other Debtors*
5. *Finance Report March 2016 – Other Debtors*
6. *Shortlisting of applicants for interview for the QRS Director vacancies*

The general subject of each matter to be considered while the public is excluded; the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter <i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:</i>	Ground(s) under section 48(1) to the passing of this resolution <i>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</i>
Confidential Minutes of Previous Meeting	Section 7 (2) (a) protect the privacy of natural persons, including that of deceased natural persons; (b) protect information where the making available of the information – (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; (c) protect information which is subject to an	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]

		<p>obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—</p> <p>(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or</p> <p>(ii) would be likely otherwise to damage the public interest; or</p> <p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	
	Audit Management Report 2015 Progress Tracker	<p>Section 7 (2)</p> <p>(a) protect the privacy of natural persons, including that of deceased natural persons;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]
	Wairoa District Council Audit Plan for the	(a) protect the privacy of natural persons, including that of deceased natural persons;	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section

year ending 30 June 2016	(b) protect information where the making available of the information – (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;	6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]
Finance Report February 2016 – Other Debtors	Section 7 (2) (a) protect the privacy of natural persons, including that of deceased natural persons; (i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]
Finance Report March 2016 – Other Debtors	Section 7 (2) (a) protect the privacy of natural persons, including that of deceased natural persons; (i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]
Shortlisting of applicants for interview for the QRS Director vacancies	Section 7 (2) (a) protect the privacy of natural persons, including that of deceased natural persons;	(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]

His Worship the Mayor/Eaglesome-Karekare

PUBLIC EXCLUDED: 2.16pm

PUBLIC READMITTED: 3:45pm

General Business

There being no further General Business Councillor Harker declared the meeting closed.

CLOSED: The meeting closed at **3:46pm.**

.....
Chair

Finance, Audit & Risk Committee

13 July 2016



Health & Safety Report – July 2016

Department	Corporate Services
Author & contact officer	James Baty – Corporate Services Manager
1. Purpose	1.1 The purpose of this report is to update the Finance, Audit & Risk Committee on health and safety (H&S) matters.
Recommendation	<i>The Corporate Services Manager RECOMMENDS that the Finance, Audit & Risk Committee receives this report.</i>
2. Background	<p>2.1 Wairoa District Council recognises its moral and legal responsibility to provide a safe and healthy work environment for its workers (employees, contractors and volunteers). This commitment extends to ensuring its operations do not place the local community at risk of injury, illness or property damage.</p> <p>2.2 Everyone in the workplace has a responsibility for health and safety: the employers, the principal of a contract, the person in control of the workplace, self-employed persons and employees.</p> <p>2.3 The Chief Executive Officer (CEO) has overall responsibility for the effective management of health and safety, and the quality of all the company's operations. The CEO is responsible for:</p> <ul style="list-style-type: none"> ○ Setting health and safety standards and processes, including hazard management procedures ○ Ensuring that safety inspections and audits are regularly conducted to determine the effectiveness of the plans and systems in place ○ Promoting and maintaining the company's ongoing commitment to improve its performance in health, safety and quality management ○ Keeping a record of and investigating accidents, and reporting occurrences of serious harm to WorkSafe New Zealand ○ Developing emergency procedures ○ Giving employees the opportunity to be fully involved in health and safety issues ○ Ensuring that employees have sufficient training and experience to carry out their jobs safely or are adequately supervised to do so <p>2.4 Supervisors are accountable for the health and safety of those persons under their control, and are responsible for:</p> <ul style="list-style-type: none"> ○ Ensuring that correct and safe work procedures are implemented and adhered to by all persons

3. Current situation

- Identifying, reporting and taking corrective action to eliminate or control hazardous work conditions, equipment and/or practices
 - Ensuring that acceptable standards of housekeeping are achieved and maintained
 - Ensuring that employees are provided with – and use – appropriate personal protective clothing and equipment, and are provided with the necessary training in its correct use
 - Reporting and investigating all accidents/incidents in line with the company's procedures, and ensuring that appropriate corrective action is taken and communicated to all staff
 - Ensuring that contractors and visitors adhere to their health and safety obligations in the workplace
- 2.5 All employees are responsible for:
- Reporting immediately any actual or potentially unsafe conditions or activities, dangerous occurrences or injury in the workplace
 - Working in a manner that will not endanger themselves or any other person
 - Using personal protective clothing, equipment or gear provided by the company
 - Complying with instructions relating to the use of personal protective clothing, equipment or gear
 - Not attempting any tasks unless they are trained, qualified and competent to do so safely
- 2.6 The Health and Safety Committee meets on a monthly basis. All employees and management representatives are required to attend and participate in the scheduled meetings. The H&S committee includes senior management representation and H&S representatives from across the organisation. The next meeting of the committee is set down for 27 July 2016.
- 3.1 Hazard Identification/Register/Accident or Near Miss Reports:
 There was 1 reported incident/near miss etc. for the months of May 2016 – current.
- Notifiable Event:** A near-drowning at the Wairoa Community Centre resulted in swift action from a lifeguard. A six-year-old boy was playing in the community centre swimming pool with an adult and other family members when he got into difficulty. He became trapped under buoyancy mat that cousins were on, and was rendered non-responsive. The centre's on-roster lifeguard acted swiftly in accordance with training to recover the child and perform resuscitation. The child responded well and recovered quickly. In accordance with normal procedure, ambulance support was called and the child taken to

hospital for observation. The child was discharged from the hospital the following morning and Sport Hawke's Bay chief executive Mark Aspden met with the boy and his family later that day. Any incident of this nature at the community centre was required to be notified to WorkSafe and this was done within 24 hours.

Sports Hawke's Bay is now awaiting a response from WorkSafe and they are reviewing their processes.

The buoyancy mats are no longer in use and those involved (including staff) are being supported.

3.2 Accredited Employers Programme:

Management continues to work towards achieving accreditation in the Accredited Employers Programme through the Accident Compensation Corporation (ACC). The Accredited Employers Programme entitles Council to downward levy adjustments, in exchange for taking responsibility for our employees' work injury claims. Under the Programme, our existing levies can be adjusted by up to 90%. However, responsibilities include the delivery of all statutory entitlements, such as weekly compensation for lost earnings.

3.3 Joint procurement with neighbouring Councils continues to be investigated.

3.4 SITEWISE:

SiteWise is an online contractor management system developed and maintained by Site Safe NZ Inc. A not-for-profit organisation, Site Safe is committed to creating a culture of safety in the New Zealand construction and related industries. As experts in both health and safety training and delivery, they work with businesses of all sizes across the sector to raise the bar in health and safety performance. They want everyone in our industry to go home healthy and safe at the end of each day. SiteWise is a prequalification system that grades a contractor's health and safety capability and publishes that grade in a database that can be viewed by main contractors and principal organisations. These organisations use SiteWise to make better-informed contractor selections, making the tendering process simpler and more efficient for everyone involved. Council is joining Hawke's Bay Councils and the HBDHB in taking on board the SiteWise system. Work on this project continues and the region is currently compiling a database of contractors and related communication material.

3.5 Auditing practices across the region are being reviewed.

3.6 **Health & Safety Intern:** On 27 June 2016 we welcomed abroad Alexandre Leudet de la Vallee (Alex) from France. Alexandre will be with us for approximately 3 months. He will be reporting to the Corporate Services Manager during this period and working on specific health and safety

projects, specifically:

- Review, revised and consolidate all of Council's hazard identification registers in to a user-friendly common format.
- Develop and implement a complete health and safety induction programme.
- Assist with the implementation of SiteWise (online contractor management system).

3.7 H&S Advisor/Coordinator – Council recently approved via the Annual Plan 2016-2017 budget for a new role reporting to the Corporate Services Manager to assist with health and safety matters across the organisation. Recruitment for this role will begin shortly.

3.8 Workplace Health and Safety Reform:

As previously reported a series of regulations have/are being developed to support the new Act. These include:

Health and Safety at Work (General Risk and Workplace Management) Regulations 2016

Persons conducting a business or undertaking (PCBUs) have duties to ensure, so far as is reasonably practicable, that the workplace is without risks to the health and safety of any person.

These regulations outline additional duties on PCBUs related to managing risks, monitoring in the workplace, and specific duties related to young persons in the workplace and obtaining a police vet for workers at limited child-care centres.

Health and Safety at Work (Worker Engagement, Participation and Representation) Regulations 2016

These regulations prescribe matters relating to work groups, health and safety representatives, and health and safety committees to support more effective worker participation. This includes information on who can be a health and safety representative or on a health and safety committee, and health and safety representative training.

The regulations also include matters that an inspector may decide if the parties are unable to reach an agreement themselves, and specify the sectors that are high risk for the purposes of worker participation requirements.

Health and Safety at Work (Major Hazard Facilities) Regulations 2016

These regulations deal with matters relating to the health and safety of people involved in the operation of, and local communities located near, major hazard facilities. The regulations provide threshold quantities of specified hazardous substances and ways to determine whether a facility is a lower tier or an upper tier major hazard

facility and the duties of operators.

Health and Safety at Work (Asbestos) Regulations 2016

These regulations impose additional duties on PCBUs in relation to work involving asbestos. This includes managing asbestos risks, removal of asbestos and licensing of asbestos removalists.

Health and Safety at Work (Adventure Activities) Regulations 2016

These regulations deal with the provision of adventure activities. They set out the process for becoming registered as an adventure activity operator and make it an offence for unregistered operators to offer adventure activities to participants.

These regulations revoke and replace the Health and Safety in Employment (Adventure Activities) Regulations 2011. Only minimal changes were made to align terminology and concepts with the new Health and Safety at Work Act 2015 and to add a new offence of offering adventure activities while unregistered.

Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016

The regulations prescribe matters concerning health and safety in mining operations, including competency requirements in relation to safety-critical roles in mining operations, quarrying operations, and alluvial mining operations.

These regulations revoke and replace the Health and Safety in Employment (Mining Operations and Quarrying Operations) Regulations 2013. Only minimal changes were made to align terminology and concepts with the new Health and Safety at Work Act 2015 and fix some drafting and minor implementation errors in the 2013 regulations.

Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016

These regulations deal with matters relating to the health and safety of people involved in the operation of installations for petroleum exploration and extraction.

They revoke and replace the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 2013. Only minimal changes were made to align terminology and concepts with the new Health and Safety at Work Act 2015, to use clearer terminology for duty holders, and to improve the emergency response duty in relation to onshore non-production installations.

Health and Safety at Work (Rates of Funding Levy) Regulations 2016

These regulations prescribe the levy required to be paid by employers and self-employed persons under section

4. Corporate Considerations Compliance with legislation and Council Policy

Further Information

Appendices

Confirmation of statutory compliance

Signatories

201 of the Health and Safety at Work Act 2015. They also revoke and replace the Health and Safety in Employment (Rates of Funding Levy) Regulations 1994. Only minimal changes were made to align terminology and concepts with the new Health and Safety at Work Act 2015. No changes to levy rates were made.

Health and Safety at Work (Infringement Offences and Fees) Regulations 2016

These regulations specify which provision HSWA and Regulations infringement notices apply to and the dollar amount of the offences. They also specify the form and content of an infringement notice.

What's still to come?

WorkSafe recently consulted on regulations for work involving hazardous substances. These will be finalised later this year.

Regulations to support the power in the new Act for the regulator to grant exemptions from regulatory requirements (clause 228A) will be developed this year. Phase two regulations will be developed over the next two years.

4.1 Relevant legislation – Health and Safety at Work Act 2015: <http://www.legislation.govt.nz/act/public/2015/0070/latest/DLM5976660.html>

- <http://www.business.govt.nz/worksafe/>
- <https://www.sitesafe.org.nz/>

Nil

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Author: J Baty



Approved by: F Power







Finance Audit & Risk Committee

13 July 2016

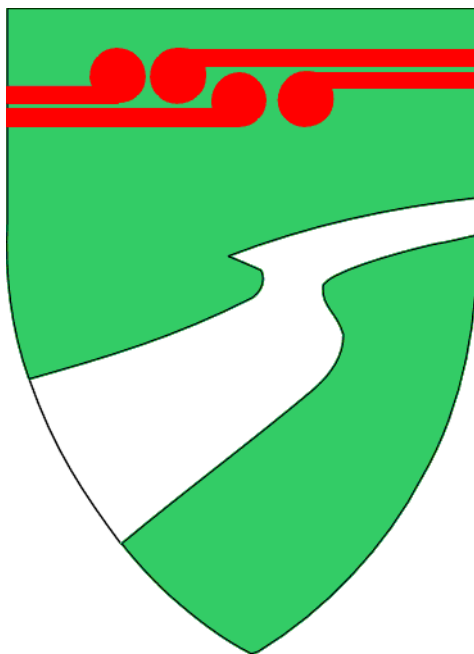
Monthly Financial Report to 30 April 2016

Department	Finance
Author	Finance Planning Manager – C Hankey
Contact Officer	Chief Financial Officer – A Morton
1. Purpose	1.1 To present the April 2016 monthly Financial Report to Committee
Recommendation	<i>The Financial Planning Manager RECOMMENDS that Committee receives the report and forwards the report to Council to receive</i>
2. Background	<p>2.1 New policy and direction from Council has requested that monthly results be prepared for consideration.</p> <p>2.2 Finance has a requirement to prepare and present monthly/quarterly financial reports to Council</p> <p>2.3 There are no previous resolutions by Council on this matter.</p> <p>2.4 The report shows the financial impact of delivering Council Vision and Outcomes to the community.</p>
3. Options	<p>3.1 The options identified are:</p> <ul style="list-style-type: none"> a. Revert to the Status Quo position of ad-hoc infrequent Reporting b. Reject this report c. Accept this report <p>3.2 The report as presented attempts to balance the needs of Council in providing an overview of the results, as well as core reporting as per the Annual Report and Long-term and Annual Plans. While this presents a significant level of information, it provides a consistent reporting environment comparable to prior Annual Reports and future reporting. Committee has the option to reject the presented report.</p> <p>3.3 Greater transparency of reporting and information provides levels of certainty to governing bodies that business units are adhering to established plans and policies. Reporting provided in the attached report is designed to meet the needs of Council and community in providing relevant, appropriate reporting of financial results and position. Committee is asked to note that the development of this report is ongoing and any feedback on content is sought.</p> <p>3.4 The preferred option is option C – Acceptance of this</p>

	report, as this meets the purpose of local government in reviewing and managing functions in a way that is most cost-effective for households and businesses.
4. Conclusion	<p>4.1 Council is in a strong financial position.</p> <p>4.2 External Debt is within limits set within the Long-Term Plan</p>
5. Corporate Considerations	
What is the change?	<p>5.1 There are no likely changes to Policy or Operations from this report.</p> <p>5.2 This report will not trigger a s17a review</p>
Compliance with legislation and Council Policy	<p>5.3 Annual Plan – N/A</p> <p>5.4 Long Term Plan 2015-2025 – N/A</p> <p>5.5 District Plan – N/A</p> <p>5.6 Economic Development Strategy – N/A</p> <p>5.7 Other Council Policies – Financial Management</p> <p>5.8 Relevant legislation – LG Act, Financial Reporting Act</p>
What are the key benefits?	<p>5.9 Greater visibility of financial management and operational results for the 2105/16 Year to Date</p>
What is the cost?	<p>5.10 Not Applicable</p>
What is the saving?	<p>5.11 Not Applicable</p>
Who has been consulted?	<p>5.12 There is indication of a general interest in the financial results of the Council by members of the Public</p> <p>5.13 No communication or consultation has been undertaken for this report.</p> <p>5.14 A number of reports have been prepared/included in line with the Annual Reporting and Annual/Long Term Planning requirements for consistency.</p> <p>5.15 There is no further consultation required.</p> <p>5.16 Tanagta whenua have not been separately consulted.</p>
6. Significance	<p>6.1 Finance effects all public</p> <p>6.2 Public interest in Council Finances has been readily advertised, with commentary by public both to Council and Staff, as well as public forums including The Wairoa Star.</p> <p>6.3 There is no impact on the council budget or capacity</p> <p>6.4 The decision can be reversed, however this is not expected at this time</p> <p>6.5 There is no alteration of service levels of any council significant activity</p> <p>6.6 There is no impact on any council strategic assets</p> <p>6.7 Does this decision involve changing the way in which a significant activity is delivered? No</p> <p>6.8 This is not a significant decision, there is no impact of the relationship of Maori to ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.</p>
7. Risk	<p>7.1 There are no strategic risks identified in the</p>

Management	implementation of the recommendations
Further Information	7.2 Financial Risks are noted in the report
Appendices	Not Applicable
Background Papers	Appendix 1 – January 2016 Financial Report
References (to or from other Committees)	Not Applicable
Confirmation of statutory compliance	<p>This is the first instance where reports on this topic have gone to Council or Committee. It is expected that reports of this nature will be prepared each month.</p> <p>In accordance with section 76 of the Local Government Act 2002, this report is approved as:</p>
	<p>a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,</p>
	<p>b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.</p>
Signatory	<p>Author</p> <p>Christopher Hankey</p>
	<p>Approved by</p> <p>Andrew Morton</p>
	
	

WAIROA DISTRICT COUNCIL



MONTHLY FINANCIAL REPORT

30 APRIL 2016

(2015/16 PERIOD 10)



Contents

EXECUTIVE SUMMARY	3
ANALYSIS	4
Financial Health.....	4
Financial Position Indicators	6
Sources of Income and Application of Funds.....	13
Council Net Cost of Services	14
2016/17 Annual Plan Preparation.....	15
2016/17 Pre-Election Report	15
ACTIVITY ANALYSIS.....	16
Comprehensive Income and Expenditure.....	16
Water Services	17
Waste Management	18
Transport.....	19
Community Facilities.....	20
Planning and Regulatory	21
Leadership and Governance	22
Investments.....	23
Property	24
Support Services	25
FINANCIAL RISKS	26
FINANCIAL ACCOUNTS	29
Whole of Council Funding Impact Statement.....	29
Whole of Council Activity Statement.....	31
Statement of Comprehensive Income and Expenditure.....	32
Financial Position	33
Cashflow.....	34
Capital Program	36
Net Operating Cost of Service by Service Activity	37



EXECUTIVE SUMMARY

Overall Financial Health Assessment:  Altham Z-Score: **33.14/2.6** ⁽¹⁾

Cash & Term Deposits on Hand: **\$8.2M**

Council owes a total of **\$10.0M** to other parties

Term Investments Valued at: **\$11.1M**

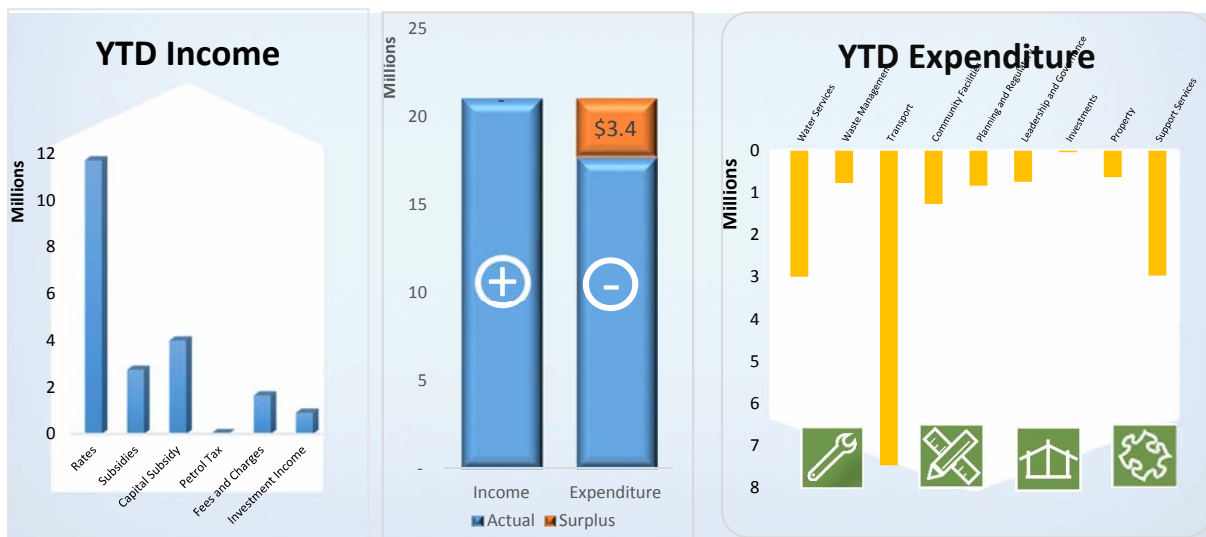
Council is currently worth: **\$266.0M**

Capital spending YTD: **\$7.1M**

Council has total assets of **\$276.0M**








Year to date net surplus of **\$3.35M**, (Budget \$0.94M)

forecasting a net surplus of **\$1.53M** (Budget \$2.23M) for the year



(Comparisons to budget for these items start on page 13 of this report).

Financial Policy Achievement Assessments:

Rates as a Percentage of Income	Cash on Hand	Working Capital	Liquidity	Investment Maturity Policy Measures	Creditor Payment Days	Debt Policy Measures
						

WDC's achievement for the YTD against the limitations established in approved finance policies.

¹ Anything over a score of 2.6 is considered a safe and healthy organisation



ANALYSIS

This report is for the 2015/16 Financial Year (FY) representing the periods from 1 July 2015 to 30 April 2016, or period 10 of this Financial Year.

Year to date Council records a net surplus of \$3.35M (Budgeted net surplus of \$0.94M), and is currently forecasting a Full Year net surplus of \$1.53M (Budgeted net surplus of \$2.2M).

Cash & Term Deposits on Hand: \$8.2M with Term Investments Valued at: \$11.1M.

Trade and Employee Creditors Payable currently stand at: \$4.3M

Council has total assets of \$276.0M⁽²⁾ Capital spending YTD is \$7.1M

External long-term debt is \$5.0M (Budget \$0.55M). No new borrowings will be required this financial year.

Council is currently worth \$266.0M

Financial Risks are detailed on page 26 of this report and total: \$3.71M. This is split between Operational and Capital Risks as per the following tables. Of this \$1.3M is a permanent under-recovery of income for this financial year (\$0.72M Subsidised Roothing, \$0.6M Pool Grants). The summary of assessed risk levels for all items at this time is:

Summary of Operational Risks

Crystallised	1,361,000	44%
Low	1,500,000	48%
Medium	250,000	8%
High	0	0%
Total	3,111,000	

Summary of Capital Risks

Crystallised	-949,483	-158%
Low	550,000	92%
Medium	1,000,000	167%
High	0	0%
Total	600,517	

Financial Health

As at the end of the month WDC's cash, liquidity and Working Capital positions were:

Measure	Actual	Annual Budget or Target
Other Debtors Collection Period ⁽³⁾	77 Days	
Rates Debtors Collection Period	142 Days	
Working Capital	\$10,741,005	\$6,347,436
Working Capital Ratio ⁽⁴⁾	3.4:1	1.25:1
Liquid Ratio ⁽⁵⁾	2.4:1	1:1

Rates Collection days are significantly influenced by the level of multiple owner Maori Land non-collectable arrears for rates, and the raising of the instalment in the accounts in the month prior to the instalment being due. For Other debtors this is significantly affected by a large disputed account, which has been in negotiation for some time. The debt is still considered collectable at this time.

² Roothing and Water Infrastructure is revalued every three years. The last Roothing revaluation was for the 2013/14 Financial Year, Water 2014/15

³ The average number of days that it takes a Debtor to pay his/her account

⁴ Represents the total current assets available to meet each dollar of total current liabilities

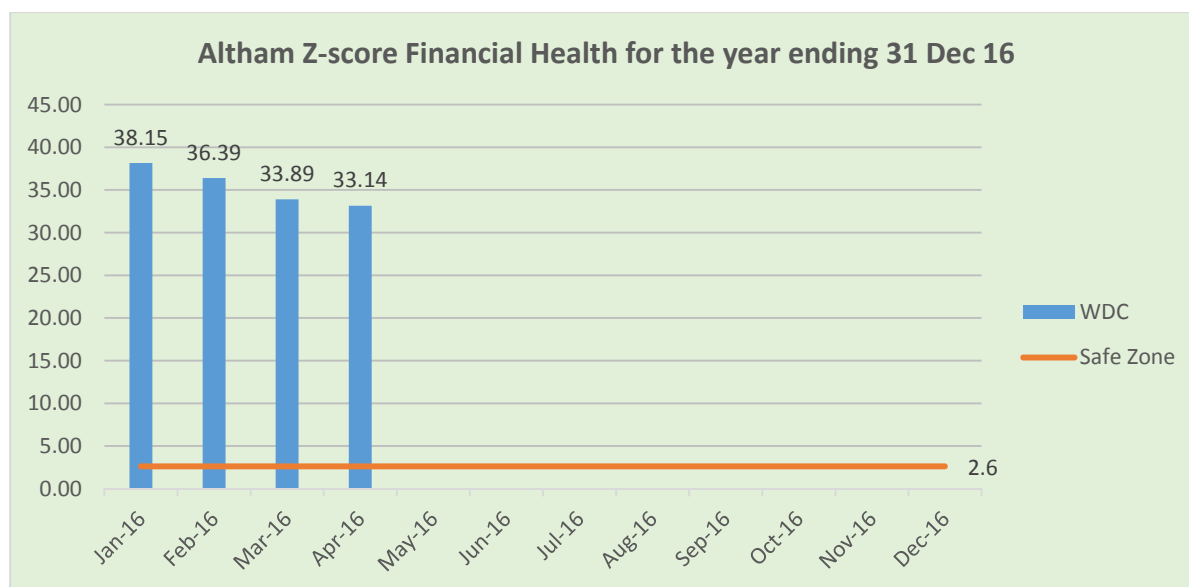
⁵ Represents the cash available to pay each dollar of trade creditors as at the end of the period



Altham Z-score Calculation

This calculation is a measure of financial health that was developed in 1968. It is a system that has multiple calculations based on the type of organisation that is being reviewed. As a review process, it has been proven to be up to 90% accurate in assessing the likelihood of the risk of an entity becoming bankrupt within the next two financial years. This is where an entity receives a net score that is classed as being in the “in distress” Zone of Discrimination.

WDC’s results for the selected calculation by month, Non-Manufacturing Business, are:



No historical comparison can be made at this time due to the lack of actionable information. After 31 Dec 2016 this will be shown as a rolling 12 month report.

This process has “Zones of Discriminations”, which provide guidance to reviewers of the accounts as to the strength of the business under review. For the selected calculation the zones are:

- Z > 2.6 -“Safe” Zone
- 1.1 < Z < 2.6 -“Grey” Zone
- Z < 1.1 -“Distress” Zone

Accordingly, the Wairoa District Council, on the basis of this calculation has a strong, safe and stable outlook. This score is significantly influenced by the low level of long-term external debt currently employed by the Council, and as there are no expectations of this changing in the near future, it is expected that this result will continue as the year progresses. The increases in recorded trade creditors at the end of February 2016 and March 2016 months has been impacting these results. This downward trend is not considered to be of concern as the increased accruals are providing greater accuracy in the financial results in preparation of reports. The relative stability of the March to April result is the expected smoothing of the result as the calculating the monthly accruals becomes consistent.

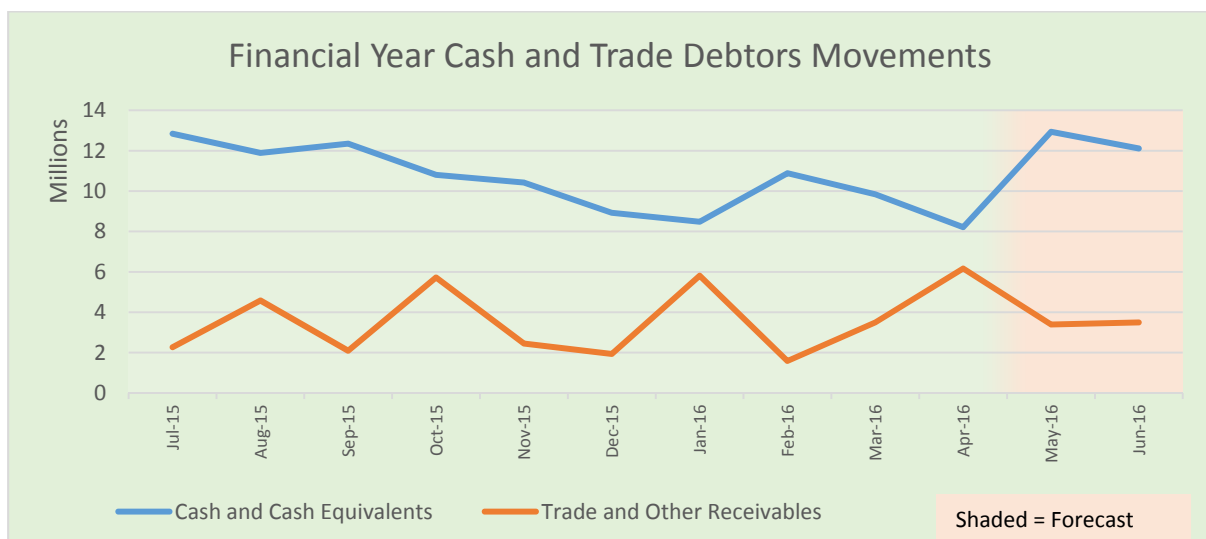


Financial Position Indicators

Current Assets

The Council continues to hold sufficient cash reserves to meet operational requirements. Current balances are:

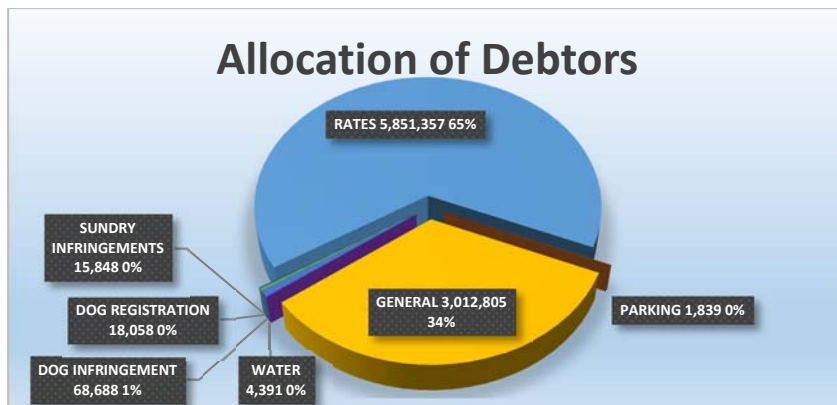
Measure	Actual	Annual Plan Position	Forecast 30 June 2016
Non-Interest Bearing Cash & Equivalents	\$127,538	\$140,775	\$157,538
Interest Bearing Cash on Hand, Term Deposits & Investments due this year	\$8,853,746	\$1,646,281	\$12,749,484
Receivables	\$6,165,487	\$8,656,022	\$3,494,333
Total Current Assets	\$15,150,692	\$10,481,369	\$16,405,276



This graph shows the movements in the Cash and Cash Equivalents balance as noted in the Statement of Financial Performance on page 33 of this report for each month completed, and the forecast of cash based on the current budgeted movements. Peaks in Trade debtors are the charging of rate instalments. This occurred in the month prior to the instalment being due for payment by the ratepayers.

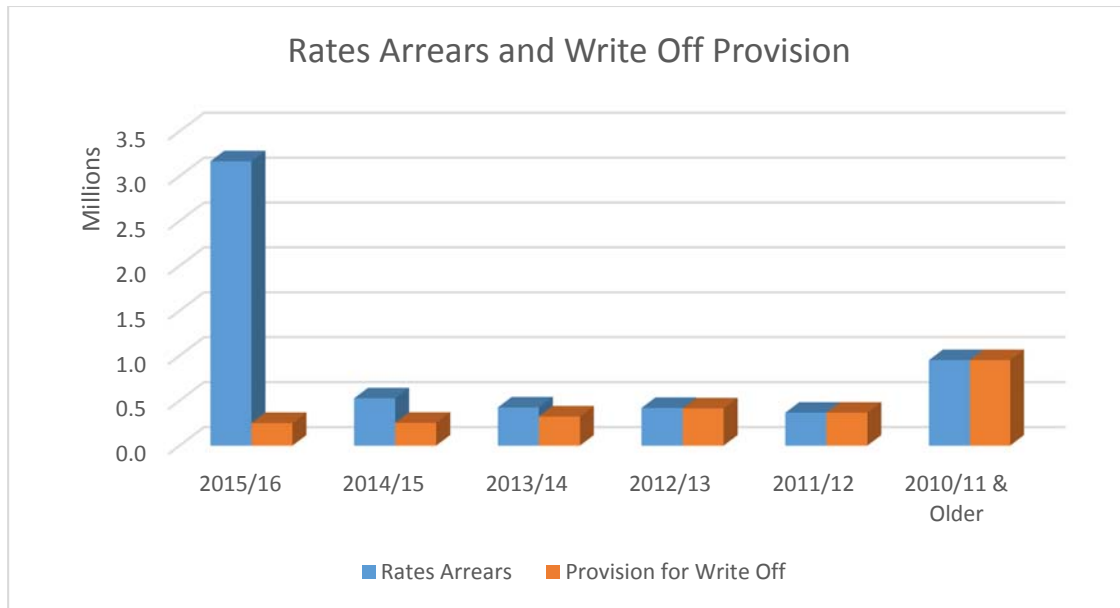
Accounts Receivable

Currently WDC has recorded debtors of \$6.2M. Gross receivables are \$9.0M, before the provisions for doubtful debts. This is allocated:





Analysis of rates arrears by financial year is:

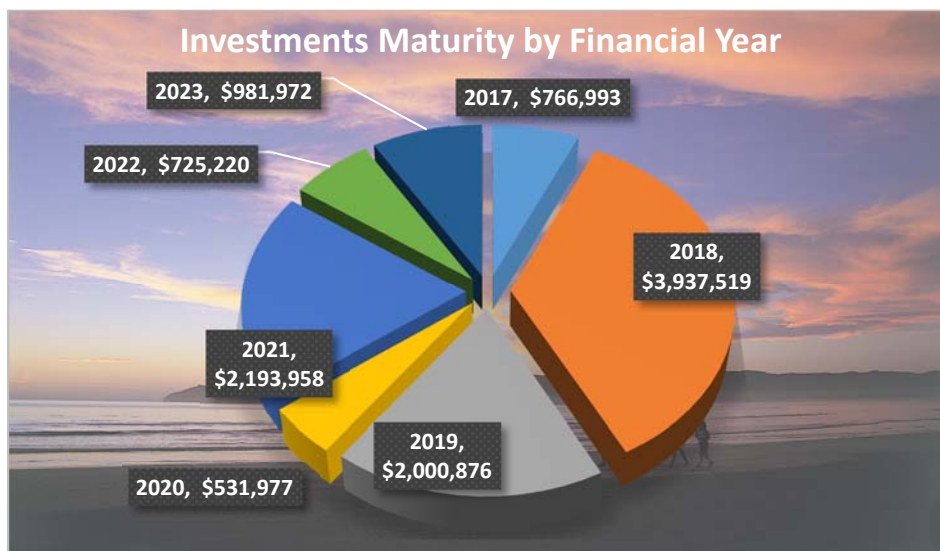


The current year position is the 4th instalment of rates, charged in April and payable in May. Prior year’s rates arrears are primarily the uncollectable amounts on Maori freehold land (unoccupied, unused land, or land subject to a fragmented ownership structure). Rates arrears are written off after 7 years as statute barred rates, however anything younger than this is retained in the debtor’s database. We allow for debt older than 3 years to be uncollectable. What we have allowed as a provision compared to each year is shown in the graph above and currently stands at a total of \$2.6M. Included in the current year balance are penalties and court collection costs from prior years. Following legal advice in July 2015 these are now included in the General Debtor’s ledger.

General Debtors is a combination of water arrears and the NZTA subsidy which is paid two months after being billed to the Agency.

Investments

Current maturity value of all investments in the upcoming Financial Years is:





WDC long term cash investments hold a current market value of \$11,138,515, of which \$766,993 is due to mature within the next 12 months. The weighted average investment maturity term is 3.24 years or 38.9 months, with a weighted average coupon interest rate of 5.11%. Two investment where made in March totalling \$0.7M.

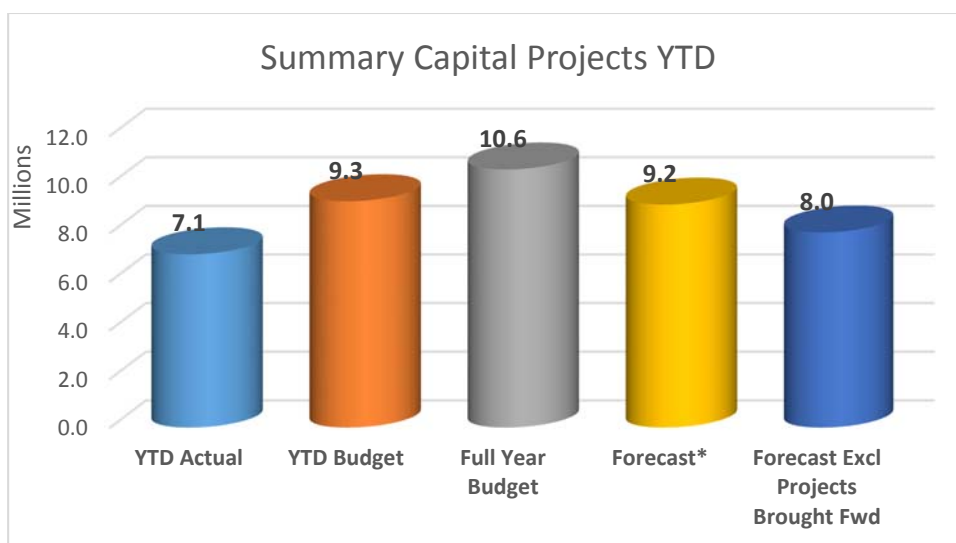
Subsequent to the end of April, the following investment has been made:

- \$0.5M Wellington International Airport Ltd Bonds maturing May 2023 at a coupon rate of 4.25%,

Investment opportunities, as has previously been noted, purchased in April and May 2016 show weak coupon rates as a result of the low OCR, with yield's in the 3.9-4% range. The investment made subsequent to month end has a higher than average coupon rates to other offers at this time, as the offer included a minimum interest rate, which was applied. Returns are currently limited and Finance will continue to monitor this situation as well as consider alternative investment possibilities over the upcoming months.

Capital Programs

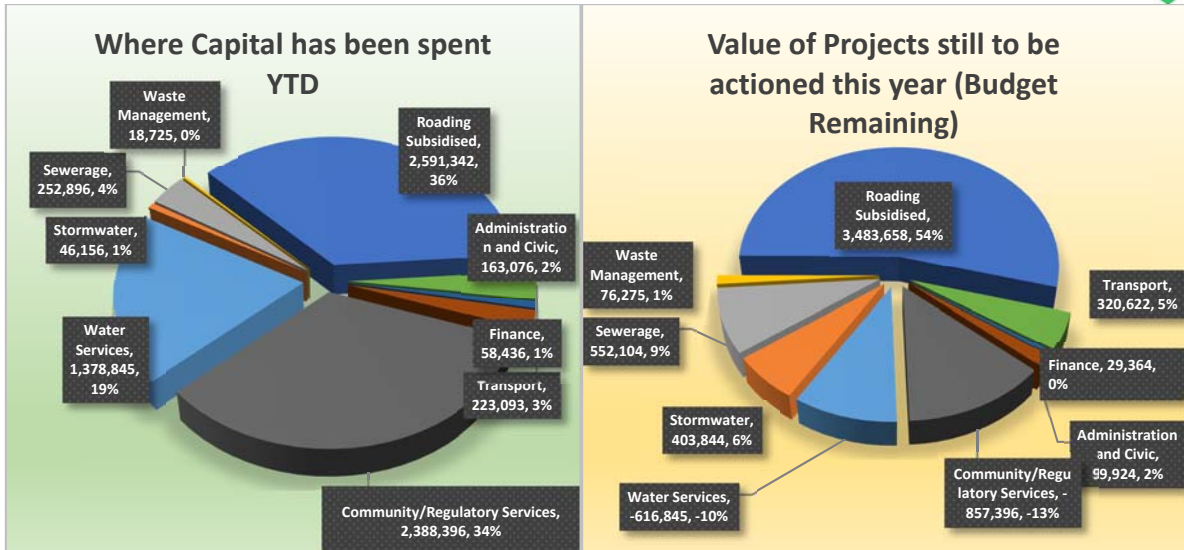
To the end of February capital programs report as being behind target, however reprogrammed work has been undertaken this past month to address part of the prior underspend. Year to date total expenditure of \$7.1M has been incurred (in addition to the \$0.6M in prior year's work), being \$2.2M behind budget, with \$4.01M in capital subsidies having been invoiced.



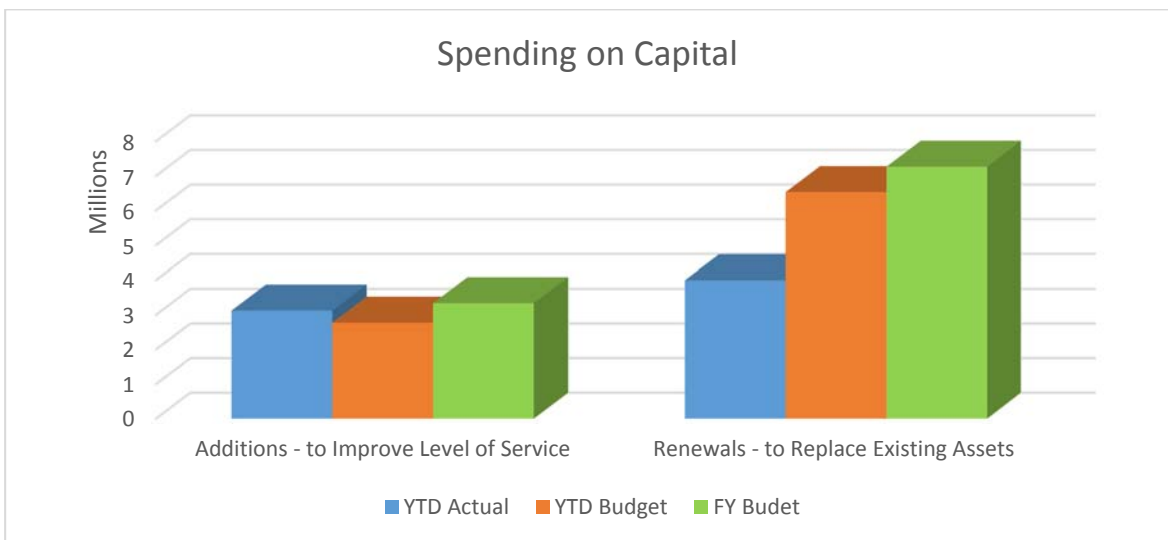
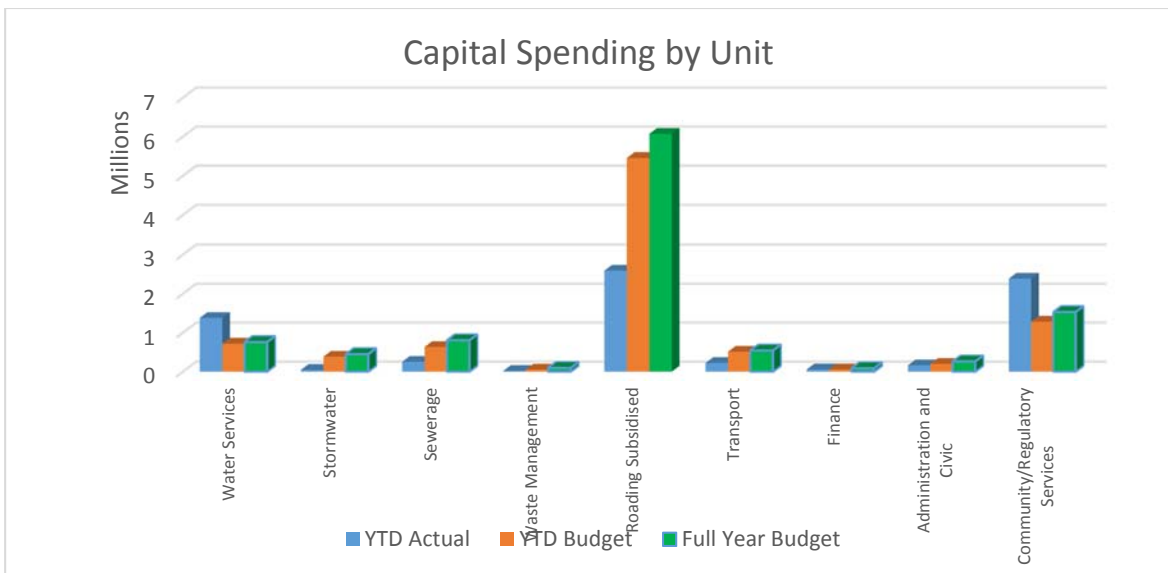
* Forecasted expenditure is actual year to date plus:

1. Budgets for the remainder of the year, with an assumption that all future planned project costs will be incurred (as phased)
2. Expected partial catch-up of Subsidised Roothing work not completed YTD

Costs from projects brought forward from 2014/15 year are included in this forecasted estimate. NOTE: No 2014/15 project budgets have been brought forward. Some projects had 2015/16 budgets included in the LTP.



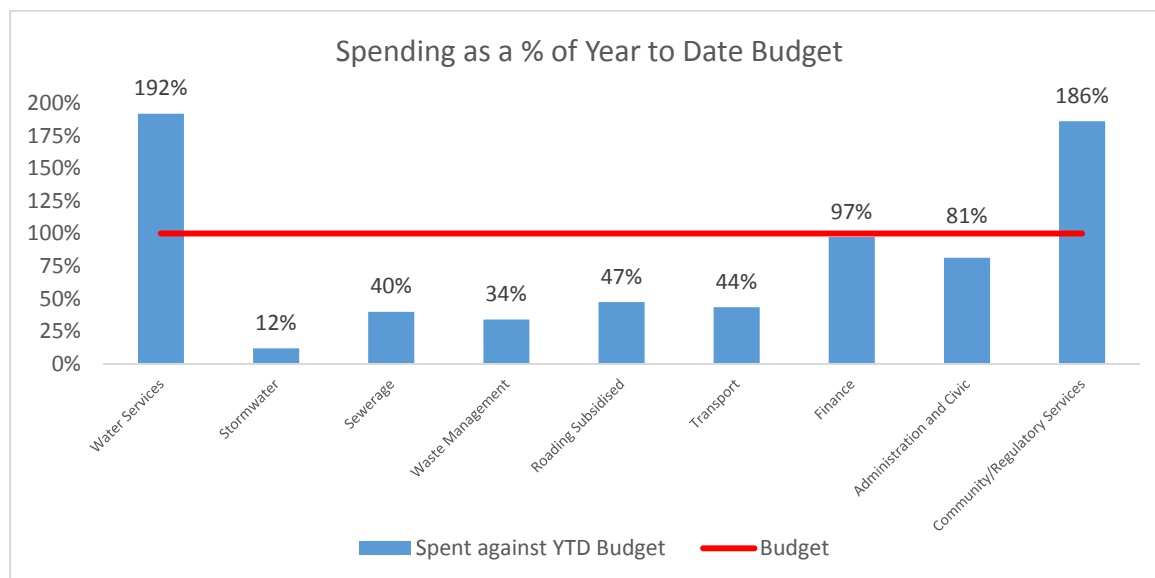
The colour coding of these two graphs is the same for each unit.



The following graph compares spending year to date to both the year to date and the annual budget against how much time has occurred in the year to date. This shows Units that are significant



underspends in renewal expenditures. This is primarily subsidised roading that also has an impact on the revenue for the organisation. Further analysis is offered later in the document.



Subsidised Roading is currently \$2.8M underspent year to date (FY: \$3.4M) partly from the YTD underspend for SP38 projects that were planned as part of the LTP, but have not been funded by NZTA. This work will not occur and significantly impacts on the above graph. However as SP38 work is 100% funded by NZTA, it has been factored into the forecasts and the expectation is that both Capital Expenditure and Subsidy Revenue will be under-recovered by the same \$0.72M for this year.

The Water Services over spend is the Tawhara Reservoir build, as detailed below, for which budget for this activity is in the 2016/17 and 2107/18 years in the LTP.

Community and Regulatory services overspend is the community pool project that is \$0.8M overspent for the year to date. This was in part a carried forward project from the 2014/15 FY. Funding for this project could not be included in the annual plan due to the timing of the carry forward of the project.

While overall capital expenditure is underspent, 23 capital projects are in excess of the year to date or full year budget by more than \$10,000. These are analysed:

Overrun Type	YTD			Full Year Budget	FY Budget Remaining	Explanation
	YTD Actual	Operational Budget	YTD Budget Remaining			
Unplanned Projects	127,006	33,330	(93,676)	40,000	(87,006)	6 Projects, 2 are Emergency Work
Projects with cost overruns	1,476,609	987,500	(489,109)	1,075,000	(401,609)	LTS Pool Remediation, Bridge Repairs
Projects in Advance of Plan (Multi Year projects)	1,124,894	150,000	(974,894)	150,000	(974,894)	New Reservoir
Brought Forward from 2014/15 by Resolution	2,146,703	833,330	(1,313,373)	1,000,000	(1,146,703)	No Budget can be loaded for these
Budget Timing or Coding Errors	10,483	0	(10,483)	15,000	4,518	Project in Advance of Budget
Totals	4,885,694	2,004,160	(2,881,534)	2,280,000	(2,605,694)	

Unplanned projects are predominantly emergency replacements or flood damage repairs, as well as surveyor equipment and some wilding pine clearance. Repairs on Bridges and Structures are in excess of the planned year spending. This is partially funded by NZTA and represents the cost of repairing damages

For the new Tawhara Reservoir, costs are in advance of plan by \$1.0M, with up to an estimated \$1.25M of costs over budget expected to be incurred over this Financial Year. Land acquisition, project design and procurement is completed, giving certainty that total project expenditure will

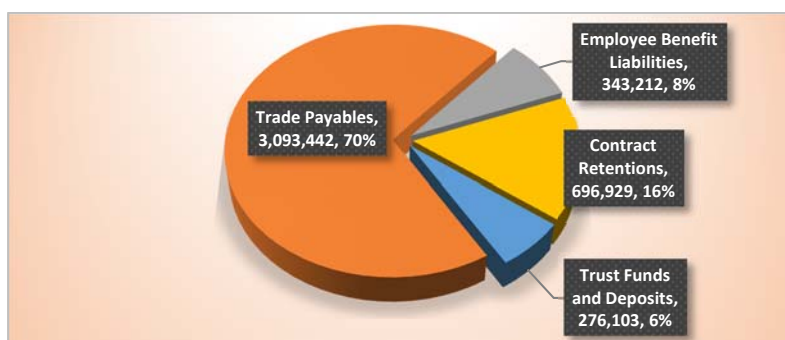


remain unchanged. However the project timing and progress does differs from what originally anticipated, i.e. into the 2017/18 Financial Year. At this time the project is expected to be completed ahead of time and on budget. The project budget will be brought forward in future planning requirements.

Projects brought forward from 2014/15 are as per the Council Resolution approved at the special meeting held 18 December 2015. No budget can be brought forward, however some of these projects were multi-year projects that had funding allocated to them in the 2016 Annual Plan. Finance is looking into an option to create an “Operational Budget” that will provide a methodology of showing budgetary movements approved by Council for internal reporting purposes only, independent of the annual plan which must be reported in the Annual Financial Statements.

Current Liabilities

As at the end of the period, the following debts were due and payable within the next 12 months:

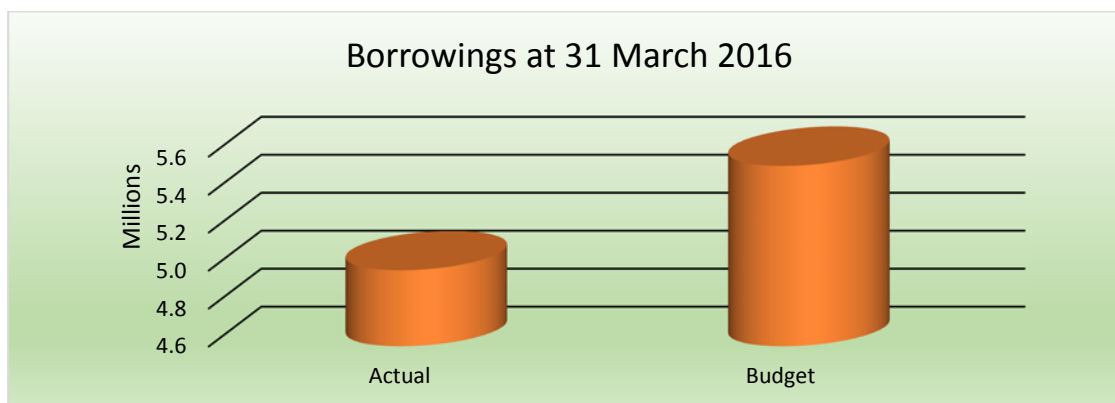


Measure	Actual	Budget or Target
Trade and Employee Liabilities	\$3,436,654	\$4,133,933
Contract Retentions	\$696,929	\$NIL
Total Current Liabilities	\$4,409,687	\$4,133,933
Creditor Payment Days ⁽¹⁾	44 Days	39 Days

(1) The average number of days that it takes a Creditor’s invoice to be paid

All measures in this area show that the Council remains within its normal terms of trade with creditors. The time taken to pay creditors continues to improve as the EPO system becomes more widely utilised. Employee Liabilities are the normal Holiday and Sick pay accrued by staff.

Term Debt



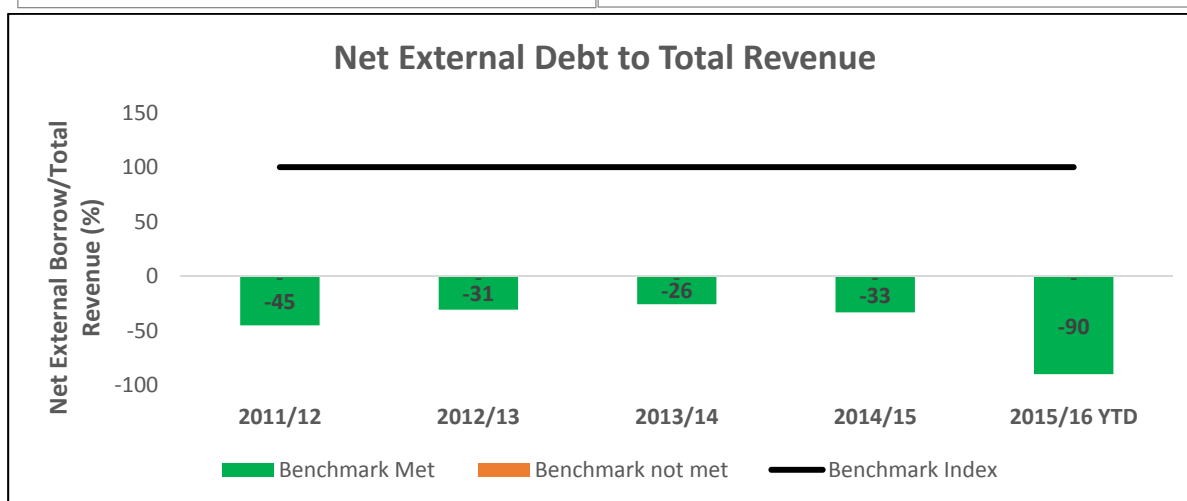
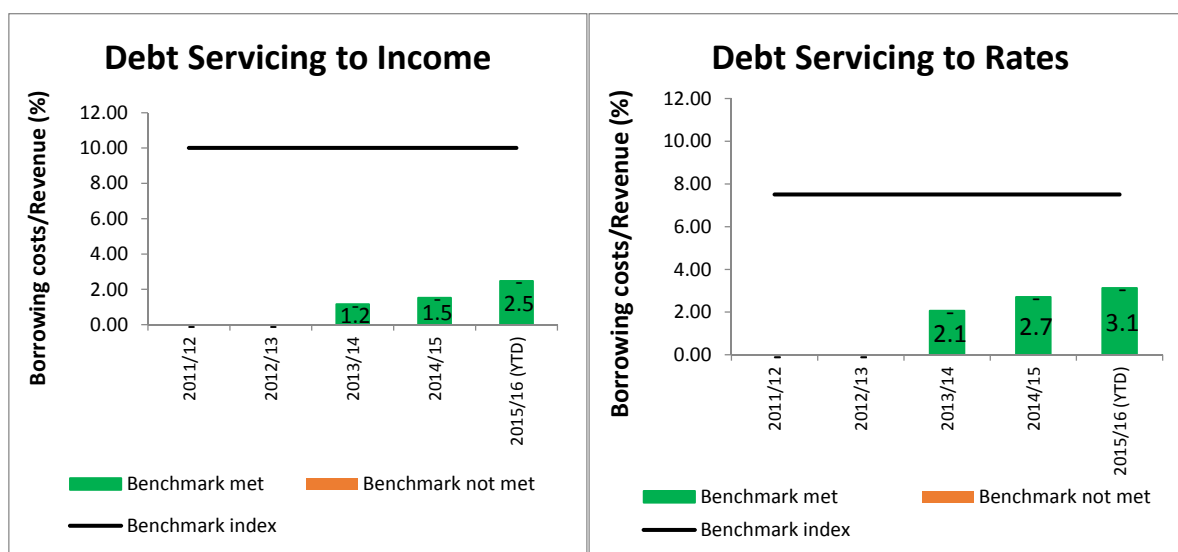


External Borrowing remains unchanged at \$5.0M (budget \$5.55M) for the year. Borrowings are a 5 year fixed term loan at 6% interest rate, due for repayment October 2018. No additional external borrowings will be required for the financial year with new capital projects funded from internal cash reserves.

Council also holds a \$0.48M (Budget \$0.86M) liability for the Landfill Aftercare requirements.

Debt Policy Measures

The analysis of debt against the limitations detailed in the Investment and Liability Policy are shown below. Council is well within all control measurements for debt with no expectations that any will be breached in the foreseeable future. The results for the year to date, comparing this to the past five financial years are:



Measure	Not to Exceed	of	2011/12	2012/13	2013/14	2014/15	2015/16 (YTD)
Debt Servicing	10%	Operating Revenue	0.00	0.00	1.16	1.52	2.47
Debt Servicing	7.50%	Rates	0.00	0.00	2.06	2.71	3.13
Net External Debt ⁽¹⁾	100%	Total Revenue	-44.92	-30.62	-25.62	-33	-89.76

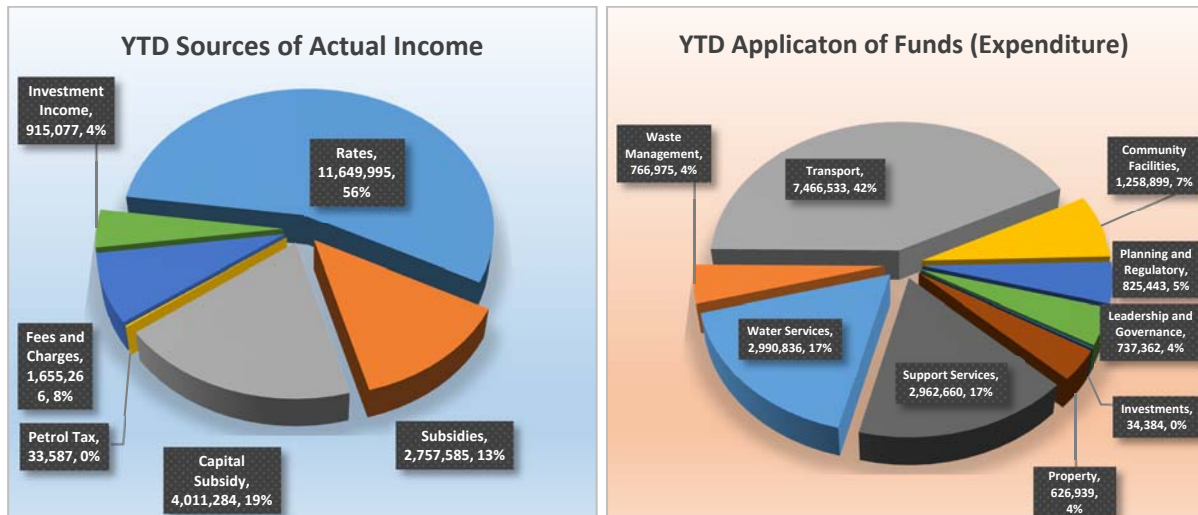
1 Net External Debt is calculated as Term Borrowings plus Current Liabilities; less Cash, Term Deposits and Financial Assets at fair Value. As at 30 April 2016 Net Debt is \$(11.2M), indicating that we have greater cash reserves than external debt.



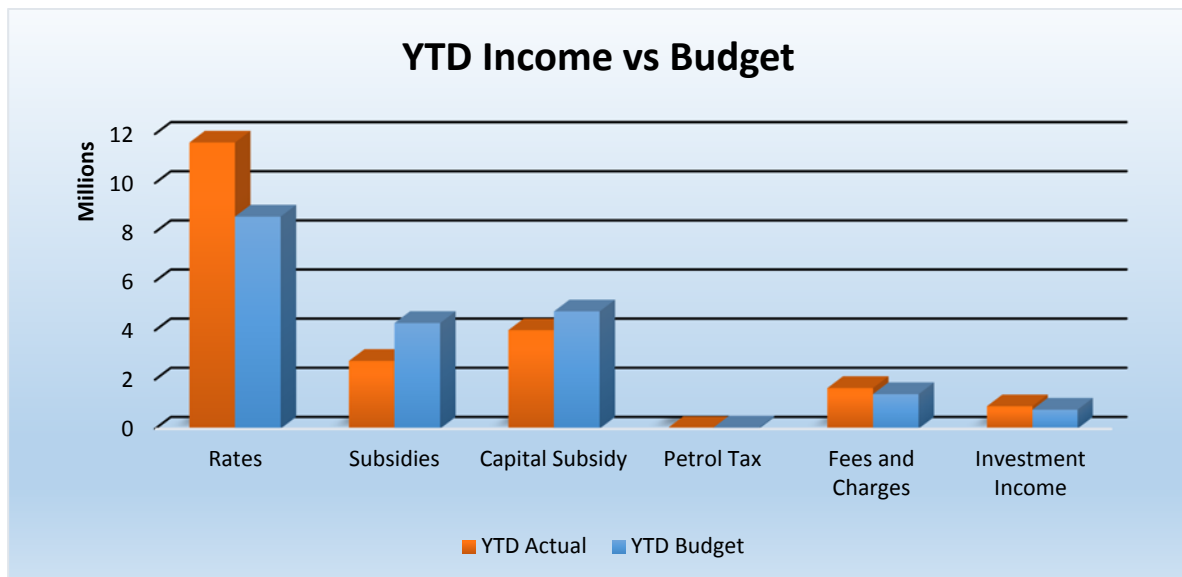
Calculation of these measures shows that Council currently holds approx. \$2 of cash and cash equivalent investments for every dollar of debt owed to external parties. As this is a fixed term debt, Council would not be able to break this loan and repay this from current cash reserves, without a possible penalty.

Sources of Income and Application of Funds

For the year to date Council has a net surplus of \$3.35M (Budget: net surplus of \$0.94M). Total income year to date was \$21M and application of funds for the year to date has been \$17.7M. Income and expenditure are analysed for the year to date as:



Rates were budgeted to reflect 48% of total income over the year and as per our Financial Strategy must not exceed 60% of our total revenue. With the final instalment having been raised for this year rates stand at 55% of YTD income, with 2 months of additional revenue to be received. A permanent under-recovery of subsidies of \$1.3M for the year has been noted.



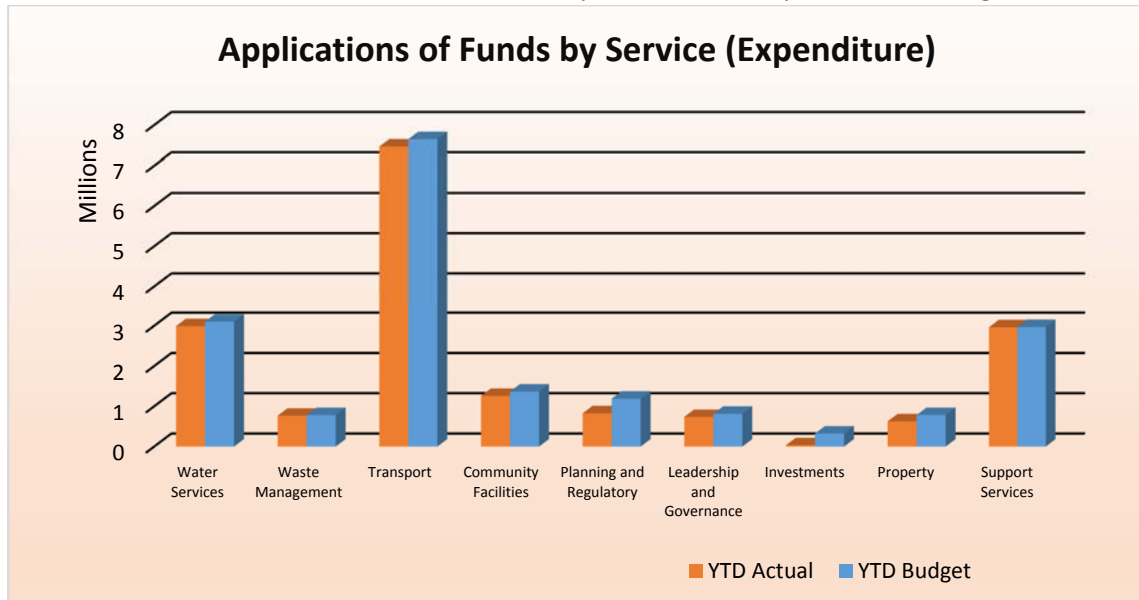
The YTD Rates over-recovery is a timing issue, with the budget for the 4th instalment sitting in May, the date that the instalment is due for payment.

The under-recovery of operating subsidies is due to:



- YTD \$0.6M of a total \$0.72M of NZTA funded work not being funded (Note this was a offset subsidy and the planned work for this subsidy will not be progressed,
- \$0.6M permanent shortfall for the Community Pool development, \$0.5M of this was received in the prior Financial Year, and only \$0.4M of the remainder budgeted \$0.5M has been allocated by the Lotteries Commission.

The Council has used the funds received, in comparison with the year to date budget thus:

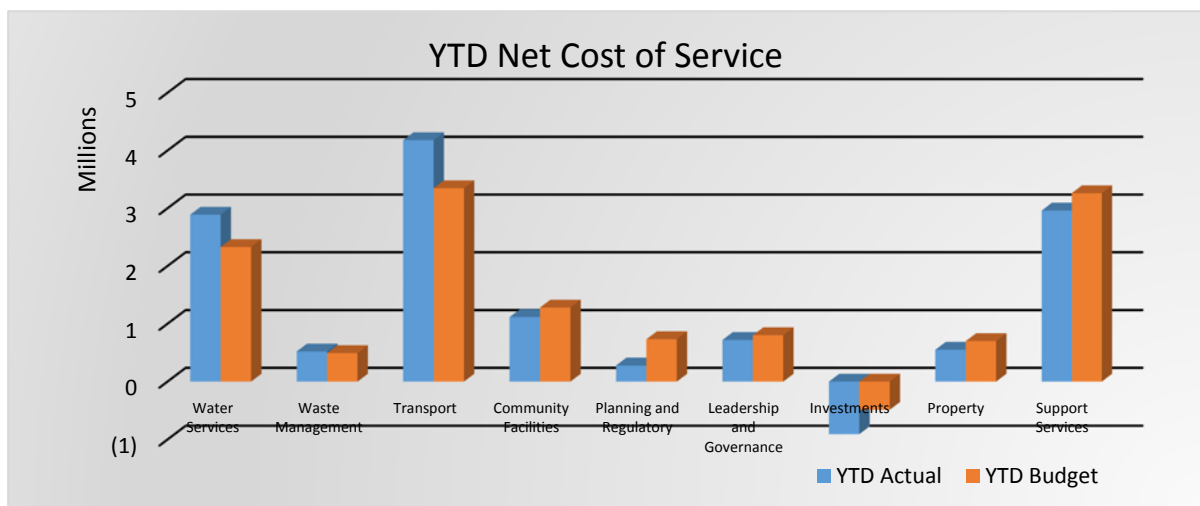


For this report the budgets have been restated to report Support Services costs separately. The core services budgets have been reduced accordingly.

All Units are operating with expected budgets for the YTD at this time.

Council Net Cost of Services

The net cost of service represents the operating costs for the service, less the income generated from the service, excluding Rating income, for the areas of service provision provided by Council to the community. These are summarised as shown below.





The Transport overspend is the combination of the timing of the budget for emergency repairs and the under-recovery of NZTA subsidies as mentioned above. Water Services overspend is the Mahia and Opoutama Wastewater scheme costs currently expended.

Investments are retuning well above budget for the year to date due to the additional cash being available for investment from primarily capital expenditure not have been completed as expected.

All other units are tracking on target for the full year outlook. Individual section reports are included below for further comment.

2016/17 Annual Plan Preparation

Work is now proceeding on the final calculation of the Mahia and Opoutama Waste Water scheme ratepayer charges. All other components of the budget have been completed. Public consultation should not be needed for this plan.

Council remains focused on meeting the statutory deadline for the adoption for its 2016/17 Annual Plan of 30 June 2016.

2016/17 Pre-Election Report

A draft pre-election report has been prepared and is currently with the CEO and Support Services for the development of the supporting explanations and projects that need to be expanded on in the report. This is a non-political statement, including finances, that is required for the tri-annual election program under statute.



ACTIVITY ANALYSIS

Comprehensive Income and Expenditure

These tables contrast the year to date expenditure and a full year forecast to full year budgets.

Support Services budget has been restated from the Annual Plan, where these are factored into the core service area's budgets as internal overhead allocations, both for the FY Budget and proportionally for the YTD budget.

Income has been received from:

Income Type:	YTD Actual (\$ 000)	YTD Budget (\$ 000)	(Under) / Over Recovery	FY Forecast (\$ 000)	FY Budget (\$ 000)	(Under) / Over Recovery
Rates	11,650	8,631	3,019	11,650	11,507	143
Subsidies	2,758	4,298	-1,541	3,617	5,158	-1,541
Capital Subsidy	4,011	4,773	-762	4,726	5,728	-1,002
Petrol Tax	34	49	-15	50	65	-15
Fees and Charges	1,655	1,407	248	1,413	1,689	-276
Investment Income	915	775	140	1,041	901	140
Total Income	21,023	19,933	1,089	22,497	25,048	-2,552

Budgeted Capital Subsidies includes of \$1M of Grants for the building of the Pool. Of this \$0.5M was received last financial year (2014/15) but was brought forward into the current year as the funding had not been received at the time the LTP was prepared. The balance \$0.5M budget is a Grant from the Lotteries Commission of which \$0.39M has been received, with only \$10,000 remaining to be received within the balance of this financial year. Income forecasts for General and Capital Subsidies have not been adjusted to reflect any potential NZTA subsidies to be invoiced from the expected catch-up capital or operational works projects at this time.

Rates over-recovery is a timing issue, with the budget having been loaded in May.

Expenditure has been incurred in the following service areas:

Service Area	YTD Actual (\$ 000)	YTD Budget (\$ 000)	Under / (Overspend)	FY Forecast (\$ 000)	FY Budget (\$ 000)	Under / (Overspend)
Water Services	2,991	3,102	111	3,658	3,741	84
Waste Management	767	783	16	924	940	16
Transport	7,467	7,652	185	8,431	9,168	737
Community Facilities	1,259	1,367	108	1,554	1,662	108
Planning and Regulatory	825	1,190	365	1,063	1,429	365
Leadership and Governance	737	815	78	896	974	78
Investments	34	324	290	118	408	290
Property	627	784	157	770	928	157
Support Services	2,963	2,970	8	3,557	3,564	8
Total Expenses	17,670	18,989	1,319	20,971	22,814	1,843

All units expect to be within full year budgets at this time, except Subsidised Roding as detailed above. Support services actual costs are allocated to the core service areas as internal overheads at the end of the year.



Water Services

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,569,921)	(1,903,864)	(2,457,814)	(2,655,438)	(2,608,678)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(1,029,542)	(884,100)	(1,060,920)	(878,619)	(1,136,040)
Interest and Dividends from Investments	-	(304,750)	(365,700)	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(3,599,464)	(3,092,714)	(3,884,434)	(3,534,057)	(3,744,718)
Application of Operating Funding					
Payments to staff and suppliers	2,296,061	1,798,535	2,176,953	3,405,450	4,315,981
Finance costs	239,925	295,650	354,780	232,692	302,500
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	2,535,986	2,094,185	2,531,733	3,638,142	4,618,481
Surplus (Deficit) of Operating Funding	1,063,478	998,529	1,352,701	(104,085)	(873,763)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(1,055,000)	(83,330)	(99,996)	(1,000,000)	(1,034,301)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	(0)	(0)
Total Source of Capital Funding	(1,055,000)	(83,330)	(99,996)	(1,000,000)	(1,034,301)
Total Sources of capital funding	(1,055,000)	(83,330)	(99,996)	(1,000,000)	(1,034,301)
Application of Capital Funding					
Capital expenditure - to improve the level of service	90,081	270,000	320,000	352,911	515,907
Capital expenditure - to replace existing assets	1,587,816	1,466,999	1,666,999	54,968	108,902
Increase (Decrease) in Reserves	440,581	(655,140)	(534,302)	488,037	(464,270)
Total Application of Capital Funding	2,118,478	1,081,859	1,452,697	895,916	160,538
Total application of capital funding	2,118,478	1,081,859	1,452,697	895,916	160,538
Surplus (Deficit) of Capital Funding	(1,063,478)	(998,529)	(1,352,701)	104,085	873,763
Funding Balance	-	-	-	-	-

This report has been adjusted for Internal Charges recoveries.

Charges to commercial consumers are well advanced of the annual budget for the year to date period and expect to result is a significant benefit to the organisation at this time.



Waste Management

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(457,472)	(449,278)	(580,000)	(439,861)	(573,214)
Fees charges and targeted rates for water supply	(237,109)	(262,503)	(350,000)	(233,913)	(359,009)
Total Source of Operating Funding	(694,581)	(711,781)	(930,000)	(673,774)	(932,223)
Application of Operating Funding					
Payments to staff and suppliers	636,062	626,229	835,000	532,077	817,764
Finance costs	-	42,552	56,727	5,862	-
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	636,062	668,781	891,727	537,939	817,764
Surplus (Deficit) of Operating Funding	58,519	43,000	38,273	135,835	114,459
Sources of Capital Funding					
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	18,725	25,000	95,000	-	48,877
Increase (Decrease) in Reserves	39,794	18,000	(56,727)	135,835	65,582
Total Application of Capital Funding	58,519	43,000	38,273	135,835	114,459
Total application of capital funding	58,519	43,000	38,273	135,835	114,459
Surplus (Deficit) of Capital Funding	(58,519)	(43,000)	(38,273)	(135,835)	(114,459)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	70,709	71,253	95,000	70,709	94,279

This report has been adjusted for Internal Charges recoveries.



Transport

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,520,813)	(1,867,483)	(2,410,848)	(2,530,128)	(2,485,575)
Subsidies and grants for operating purposes	(2,574,244)	(4,257,880)	(5,109,456)	(1,003,612)	(3,347,338)
Fees charges and targeted rates for water supply	(712,745)	(45,050)	(54,060)	(690,445)	(844,159)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and c	-	-	-	-	-
Total Source of Operating Funding	(5,807,802)	(6,170,413)	(7,574,364)	(4,224,186)	(6,677,072)
Application of Operating Funding					
Payments to staff and suppliers	5,774,634	5,380,524	6,442,633	4,438,555	7,695,596
Finance costs	-	3,890	4,668	-	-
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	5,774,634	5,384,414	6,447,301	4,438,555	7,695,596
Surplus (Deficit) of Operating Funding	33,168	785,999	1,127,063	(214,370)	(1,018,524)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(2,566,284)	(3,856,670)	(4,628,004)	(1,980,081)	(4,873,277)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(2,566,284)	(3,856,670)	(4,628,004)	(1,980,081)	(4,873,277)
Total Sources of capital funding	(2,566,284)	(3,856,670)	(4,628,004)	(1,980,081)	(4,873,277)
Application of Capital Funding					
Capital expenditure - to improve the level of service	954,123	1,282,600	1,443,016	1,553,398	1,501,087
Capital expenditure - to replace existing assets	1,980,339	4,688,215	5,160,715	3,106,498	4,739,666
Increase (Decrease) in Reserves	(335,011)	(1,328,146)	(848,664)	(2,894,185)	(2,386,000)
Total Application of Capital Funding	2,599,452	4,642,669	5,755,067	1,765,711	3,854,753
Total application of capital funding	2,599,452	4,642,669	5,755,067	1,765,711	3,854,753
Surplus (Deficit) of Capital Funding	(33,168)	(785,999)	(1,127,063)	214,370	1,018,524
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	1,698,210	1,816,376	2,724,564	2,122,762	2,547,315

This report has been adjusted for Internal Charges recoveries.

There are significant underspends in capital work for the year to date. Comment and consideration of a full year out-turn has been requested from the engineering department.



Community Facilities

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(1,542,107)	(1,142,433)	(1,474,836)	(1,691,779)	(1,661,988)
Subsidies and grants for operating purposes	(101,074)	(40,390)	(48,462)	(120,679)	(74,591)
Fees charges and targeted rates for water supply	(41,976)	(45,300)	(54,364)	(43,693)	(47,077)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(1,685,158)	(1,228,123)	(1,577,662)	(1,856,151)	(1,783,656)
Application of Operating Funding					
Payments to staff and suppliers	1,130,130	1,167,912	1,423,329	1,059,809	1,474,051
Finance costs	-	77,120	92,540	125	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	(7,600)	-	-	(21,933)	(24,864)
Total Application of Operating Funding	1,122,530	1,245,032	1,515,869	1,038,001	1,449,187
Surplus (Deficit) of Operating Funding	562,627	(16,909)	61,793	818,150	334,470
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	225,819	203,330	295,000	101,572	154,023
Capital expenditure - to replace existing assets	126,991	90,000	95,000	98,101	101,423
Increase (Decrease) in Reserves	209,817	(310,239)	(328,207)	618,477	79,023
Total Application of Capital Funding	562,627	(16,909)	61,793	818,150	334,470
Total application of capital funding	562,627	(16,909)	61,793	818,150	334,470
Surplus (Deficit) of Capital Funding	(562,627)	16,909	(61,793)	(818,150)	(334,470)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	136,369	126,100	151,310	136,369	163,642

This report has been adjusted for Internal Charges recoveries.



Planning and Regulatory

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(543,830)	(402,884)	(520,107)	(426,084)	(418,581)
Subsidies and grants for operating purposes	(80,267)	-	-	(111,417)	(1,795)
Fees charges and targeted rates for water supply	(467,798)	(458,070)	(549,686)	(494,225)	(567,503)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(1,091,896)	(860,954)	(1,069,793)	(1,031,726)	(987,879)
Application of Operating Funding					
Payments to staff and suppliers	777,474	1,174,910	1,409,858	805,306	1,022,324
Finance costs	6,691	20,380	24,456	12,101	13,330
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	784,164	1,195,290	1,434,314	817,408	1,035,653
Surplus (Deficit) of Operating Funding	307,731	(334,336)	(364,521)	214,318	(47,774)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	94,808	100,000	100,000	11,651	42,152
Capital expenditure - to replace existing assets	98,742	131,000	131,000	55,639	55,639
Increase (Decrease) in Reserves	114,182	(565,336)	(595,521)	147,028	(145,565)
Total Application of Capital Funding	307,731	(334,336)	(364,521)	214,318	(47,774)
Total application of capital funding	307,731	(334,336)	(364,521)	214,318	(47,774)
Surplus (Deficit) of Capital Funding	(307,731)	334,336	364,521	(214,318)	47,774
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	41,279	45,550	54,659	41,279	49,535

This report has been adjusted for Internal Charges recoveries.

Primary underspend in this area is consultancy the annual plan and planning staff costs not a planned levels for the year as part of the District Plan preparation. These are costs that will likely begin to increase in expenditure over the balance of this year and into the next financial year as the Senior Planner is appointed and the preparation of the District Plan moves forward.



Leadership and Governance

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(873,438)	(647,065)	(835,336)	(767,840)	(754,319)
Subsidies and grants for operating purposes	(2,000)	-	-	-	-
Fees charges and targeted rates for water supply	(15,777)	(13,360)	(16,050)	(4,718)	(12,724)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(891,214)	(660,425)	(851,386)	(772,557)	(767,042)
Application of Operating Funding					
Payments to staff and suppliers	732,321	825,980	986,488	584,037	847,906
Finance costs	394	10,360	12,420	367	447
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	732,714	836,340	998,908	584,404	848,353
Surplus (Deficit) of Operating Funding	158,500	(175,915)	(147,522)	188,153	(81,311)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	6,129	-	-	36,878	36,878
Capital expenditure - to replace existing assets	1,250	-	-	-	-
Increase (Decrease) in Reserves	151,121	(175,915)	(147,522)	151,275	(118,189)
Total Application of Capital Funding	158,500	(175,915)	(147,522)	188,153	(81,311)
Total application of capital funding	158,500	(175,915)	(147,522)	188,153	(81,311)
Surplus (Deficit) of Capital Funding	(158,500)	175,915	147,522	(188,153)	81,311
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	4,647	6,000	7,200	4,647	5,577

This report has been adjusted for Internal Charges recoveries.



Investments

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	184,950	137,016	176,882	763,669	750,221
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(1,632)	-	(800)	(533)	(533)
Interest and Dividends from Investments	(906,154)	(457,710)	(519,244)	(1,207,261)	(1,216,512)
Local authorities fuel tax fines infringement fees and other receipts	(33,587)	(48,750)	(65,000)	(39,141)	(77,283)
Total Source of Operating Funding	(756,423)	(369,444)	(408,162)	(483,267)	(544,107)
Application of Operating Funding					
Payments to staff and suppliers	19,634	55,000	55,000	74,801	(221,738)
Finance costs	14,750	269,376	353,168	7,871	153,575
Total Application of Operating Funding	34,384	324,376	408,168	82,672	(68,163)
Surplus (Deficit) of Operating Funding	722,039	45,068	(6)	400,595	612,270
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	-	-	-	-	-
Capital expenditure - to replace existing assets	-	-	-	-	-
Increase (Decrease) in Reserves	722,039	45,068	(6)	400,595	612,270
Total application of capital funding	722,039	45,068	(6)	400,595	612,270
Surplus (Deficit) of Capital Funding	(722,039)	(45,068)	6	(400,595)	(612,270)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	3,333,352	3,723,153	4,964,188	4,010,520	4,444,469

This report has been adjusted for Internal Charges.

Interest income from investments is well advanced against annual budget due to the amount of cash being available for investment being well in excess of budget. This is mainly due to the capital underspend for the year to date. Also impacting returns are the additional longer term investments that have been raised this year at a higher return than is available using



Property

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(272,977)	(202,228)	(261,069)	(416,569)	(409,233)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(76,871)	(84,648)	(101,924)	(79,940)	(95,688)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(349,848)	(286,876)	(362,993)	(496,509)	(504,921)
Application of Operating Funding					
Payments to staff and suppliers	263,929	110,845	119,446	147,226	143,312
Finance costs	-	116,740	140,078	53	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	263,929	227,585	259,524	147,280	143,312
Surplus (Deficit) of Operating Funding	85,920	59,291	103,469	349,229	361,608
Source of Capital Funding					
Subsidies and grants for capital expenditure	(390,000)	(833,340)	(1,000,000)	-	(500,000)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(390,000)	(833,340)	(1,000,000)	-	(500,000)
Total Sources of capital funding	(390,000)	(833,340)	(1,000,000)	-	(500,000)
Application of Capital Funding					
Capital expenditure - to improve the level of service	1,809,802	845,830	1,015,000	418,772	484,551
Capital expenditure - to replace existing assets	154,378	88,660	103,000	106,646	141,883
Increase (Decrease) in Reserves	(1,488,261)	(41,859)	(14,531)	(176,190)	235,175
Total Application of Capital Funding	475,920	892,631	1,103,469	349,229	861,608
Total application of capital funding	475,920	892,631	1,103,469	349,229	861,608
Surplus (Deficit) of Capital Funding	(85,920)	(59,291)	(103,469)	(349,229)	(361,608)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	363,010	413,175	495,808	363,010	435,612

This report has been adjusted for Internal Charges recoveries.

Included in the Pensioner Housing Unit budgets are capital projects for the exterior repainting of both the Lambert and Hillneath Flats. The accepted, cheapest combined quote for completing the work at both sets of flats was \$20,517 greater than the combined \$36,000 budgeted.



Support Services

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,905,404)	(2,152,398)	(2,778,662)	(3,053,881)	(3,000,105)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(1,027)	(12,590)	(15,100)	(2,113)	(2,560)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(2,906,431)	(2,164,988)	(2,793,762)	(3,055,994)	(3,002,665)
Application of Operating Funding					
Payments to staff and suppliers	2,780,970	3,168,710	3,802,439	2,807,595	3,478,853
Finance costs	56,270	48,230	57,875	37,009	111,221
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	2,837,240	3,216,940	3,860,314	2,844,605	3,590,075
Surplus (Deficit) of Operating Funding	69,191	(1,051,952)	(1,066,552)	211,389	(587,409)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	44,538	18,330	39,000	117,476	184,171
Capital expenditure - to replace existing assets	48,599	66,700	138,800	14,337	14,515
Increase (Decrease) in Reserves	(23,945)	(1,136,982)	(1,244,352)	79,576	(786,095)
Total Application of Capital Funding	69,191	(1,051,952)	(1,066,552)	211,389	(587,409)
Total application of capital funding	69,191	(1,051,952)	(1,066,552)	211,389	(587,409)
Surplus (Deficit) of Capital Funding	(69,191)	1,051,952	1,066,552	(211,389)	587,409
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	125,420	117,470	140,967	125,420	150,504

This statement has been restated to include budgeted and actual rates applicable to the Unit's charges (including the prior year) that are cost recovered to other Units as Overhead Charges.

FINANCIAL RISKS

The following Operational Financial Risks have been assessed as the end of the Period:

Area	Risk	Amount	Type	Description	Risk Level	Impact Showing In
CEO	Forestry Slash Clean-up	\$41,000	Cost	Funds expended on clean-up of HBRC controlled beaches	Crystallised	Non Subsidised Rooding Capital
Subsidised Rooding	NZTA Funding	\$720,000	Income Under-Recovery	NZTA non-approved work expected in the Annual Plan	Crystallised	Transport FIS and Com Income Report
Rooding	Loss on Disposal of Assets	\$1,500,000	Cost	Losses on Disposals of Renewed assets is not Budgeted or Funded. Value based on Prior Year impact. Recovered every 3rd year on revaluation	Low	Comprehensive Income Statement (Not Included)
Water Treatment	Opoutama & Mahia Waste Water Scheme	\$250,000	Cost	Scheme assessed as an Operational Cost by Auditors. Budgeted as Capital in LTP. Value is as per costs to date for this year	Medium	Sewerage
Water Treatment	Waihi Dam Silt	TBA	Cost	Additional Flocculent Purchased to mitigate the additional silt discharged into the Wairoa water supply. Net effect TBC, expected recovery from Dam Operator	Low	Water Treatment
Community Centre	HBRC Pool Grant	\$500,000	Income Under-Recovery	Grant Funding was received in 2014/15, budget was brought forward as at time of LTP development funds had not been received	Crystallised	Community Support & Comprehensive Income
Community Centre	Lotteries Commission Grant	\$100,000	Income Under-Recovery	Grant received was \$110k less than budgeted. It is expected that \$10k will be received over the balance of this financial Year	Crystallised	Community Support & Comprehensive Income

The following Capital Risks have been assessed as the end of the Period:

Area	Risk	Amount	Type	Description	Risk Level	Finance Impact
Corporate	Loan Advances	\$550,000	Use of Cash Reserves	Expectation that No loan funds are advanced to meet new increased service capital projects. Funds to be taken from Cash Reserves	Low	Financial Position
Subsidised Roothing	NZTA Funded Activity	\$(720,000)	Capital Work Savings	Budgets expected work on road SP38 in the order of \$0.74M for this financial year, 100% funded by NZTA. NZTA have only approved \$18,000 of this plan	Crystallised	Transport FIS & Comprehensive Income
Water Treatment	Opoutama & Mahia Waste Water Scheme	\$(250,000)	Capital Work Savings	Scheme assessed as an Operational Cost by Auditors. Budgeted as Capital in LTP. Value is as per costs to date for this year	Crystallised	Sewerage FIS & Comprehensive Income
Pensioner Housing	Repainting of Flats - Over Budget	\$20,517	Costs	Project Quotes well in excess of budget. Accepted quote is \$20517 over allocated budget. Project funded from reserves	Crystallised	Property FIS and Capital Projects
Tawhera Reservoir	Build over Current Year Budget	\$1,000,000	Costs	Project is in advance of planned position. Construction is currently underway. Budgets were allocated in 2016/17, 2017/18 and will need to be brought forward. Estimated spend over the balance of this Financial Year	Medium	Water Reticulation FIS - Capital Projects

Assessment Key:

Crystallised	Event has Happened
Low	Expected Event is not expected to be significant or Material
Medium	Expected Event will impact on Council Operations, PR or Budget (+/- \$100k-\$1M)
High	Expected Event is Significant, Material (+/- \$1M) and/or has a negative non-financial impact on Council Operations

Assessing levels of risk is based on the following matrix. It is noted that this matrix is a work in progress and has not yet been approved for formal use by the Finance Audit and Risk Committee, or Council.

Value	Change in Service Levels			Impact
	None or Small	Some	Large	
>\$100,000	Low	Low	Medium	Less than 25% of People
\$100,000 - \$1M	Medium	Medium	High	Between 25% - 75% of People
<\$1M	High	High	High	More than 75% of People
PR	No Interest	Some - e.g. Letter to Paper	High Public Interest - Council in Bad light in Media etc.	



FINANCIAL ACCOUNTS

Whole of Council Funding Impact Statement

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
General Rates uniform annual charges rates penalties	(11,649,995)	(8,630,618)	(11,507,490)	(11,361,539)	(11,161,472)
Subsidies and grants for operating purposes	(2,757,585)	(4,298,270)	(5,157,918)	(1,235,708)	(3,423,725)
Fees charges and targeted rates for water supply	(2,593,048)	(1,834,788)	(2,202,904)	(4,881,834)	(5,511,394)
Interest and Dividends from Investments	(906,154)	(762,460)	(884,944)	(1,207,261)	(1,216,512)
Local authorities fuel tax fines infringement fees and other receipts	(33,587)	(48,750)	(65,000)	(39,141)	(77,283)
Total Source of Operating Funding	(17,940,369)	(15,574,886)	(19,818,256)	(18,725,483)	(21,390,385)
Application of Operating Funding					
Payments to staff and suppliers	14,577,135	14,378,226	17,251,146	16,326,351	21,995,285
Finance costs	318,029	889,026	1,096,712	296,081	581,073
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	14,895,164	15,267,252	18,347,858	16,622,432	22,576,359
Surplus (Deficit) of Operating Funding	3,045,205	307,634	1,470,398	2,103,051	(1,185,974)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(4,011,284)	(4,773,340)	(5,728,000)	(2,980,081)	(6,407,577)
(Increase) decrease in debt	-	-	(550,000)	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(4,011,284)	(4,773,340)	(6,278,000)	(2,980,081)	(6,407,577)
Total Sources of capital funding	(4,011,284)	(4,773,340)	(6,278,000)	(2,980,081)	(6,407,577)
Application of Capital Funding					
Capital expenditure - to improve the level of service	3,244,025	2,775,090	3,307,016	2,596,559	6,022,086
Capital expenditure - to replace existing assets	3,876,941	6,531,574	7,295,514	3,436,189	1,830,488
Increase / (Decrease) in Reserves	(64,477)	(4,225,690)	(2,854,132)	(949,616)	(2,630,970)
Total Application of Capital Funding	7,056,489	5,080,974	7,748,398	5,083,132	5,221,604
Total application of capital funding	7,056,489	5,080,974	7,748,398	5,083,132	5,221,604
Surplus (Deficit) of Capital Funding	(3,045,205)	(307,634)	(1,470,398)	(2,103,051)	1,185,973
Funding Balance (General Rates)	-	-	-	-	-
Depreciation					
Depreciation and Amortisation	3,703,724	4,136,835	4,964,188	3,703,724	4,444,469

No depreciation charges were journalled in the financial statements on a monthly basis in the prior year, the figure entered here is an even split allocation of depreciation for the prior year to date.



	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
FIS Reconciliation to Statement of Comprehensive Income					
Surplus / (Deficit) from Operations	3,045,205	307,634	1,470,398	2,103,051	(1,185,974)
Less Depreciation Charged *	(3,703,724)	(4,136,835)	(4,964,188)	-	(4,444,469)
Add Capital Subsidies	4,011,284	4,773,340	5,728,000	2,980,081	6,407,577
Reconciling Surplus/(Deficit)	3,352,765	944,139	2,234,210	5,083,132	777,135
Surplus / (Deficit) per Statement of Comprehensive Income	3,352,765	944,139	2,234,210	5,083,132	777,135

* Note Depreciation was not charged during the year in 2014/15 on a monthly basis as monthly reporting was not undertaken. The 2014/15 YTD depreciation values elsewhere in the accounts are an allocation of annual depreciation entered to the accounts as part of the annual report process

Whole of Council Activity Statement

	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget	ACTUAL 2014/15 (to date)
Net Operating Cost of Service						
Net Expenditure/(Revenue)						
Water Services	2,890,152	2,328,320	561,832	2,812,695	(77,457)	(142,831)
Waste Management	521,296	491,756	29,540	590,122	68,826	(136,874)
Transport	4,179,544	3,348,656	830,888	4,004,382	(175,162)	455,818
Community Facilities	1,115,848	1,281,447	(165,599)	1,559,553	443,705	(337,334)
Planning and Regulatory	277,378	732,429	(455,051)	878,869	601,491	(820,612)
Leadership and Governance	719,585	801,903	(82,317)	957,556	237,971	(1,043,265)
Investments	(906,989)	(486,827)	(420,162)	(542,568)	364,421	(724,905)
Property	550,068	699,788	(149,720)	825,851	275,783	(25,624)
Support Services	2,961,632	3,262,348	(300,716)	3,914,820	953,188	2,624,322
Net Operating (Surplus) / Deficit	12,308,514	12,459,819	(151,305)	15,001,280	2,692,766	(151,305)
Rates						
General and Targeted Rates Charged	(11,649,995)	(8,630,618)	(3,019,377)	(11,507,490)	142,505	(3,019,377)
Capital Subsidies						
Water Reticulation System	0	(83,330)	83,330	(99,996)	(99,996)	83,330
Water Treatment Plant	0	0	0	0	0	0
Sewerage	(1,055,000)	0	(1,055,000)	0	1,055,000	(1,055,000)
Roading Subsidised	(2,566,284)	(3,856,670)	1,290,386	(4,628,004)	(2,061,720)	1,290,386
Community Centre	(390,000)	(833,340)	443,340	(1,000,000)	(610,000)	443,340
Total Net Cost of Service	(3,352,765)	(944,139)	(2,408,626)	(2,234,210)	1,118,555	(2,408,626)

Support Services budgets are allocated to the Core Services as internal overhead charges in the annual budgets. For the purposes of this report, budgets have been restated to remove Support Services costs from within Activity Areas, and moved to the Support Services report line. This ensures that actual and budget costs are comparable.



Statement of Comprehensive Income and Expenditure

	Council 2015/2016 Actual (YTD)	Council 2015/2016 Operational Plan (YTD)	Council 2015/2016 Full Year Forecast	Council 2015/2016 Operational Plan (Full Year)	Council 2014/15 Actual (YTD)	Council 2014/15 Actual (Full Year)
Income						
Rates	(11,649,995)	(8,630,618)	(11,649,995)	(11,507,490)	(11,361,539)	(11,161,472)
Subsidies	(2,757,585)	(4,298,270)	(3,617,233)	(5,157,918)	(1,235,708)	(3,423,725)
Capital Subsidy	(4,011,284)	(4,773,340)	(4,725,944)	(5,728,000)	(2,980,081)	(6,407,577)
Petrol Tax	(33,587)	(48,750)	(49,837)	(65,000)	(39,141)	(77,283)
Fees and Charges	(1,655,266)	(1,407,310)	(1,412,599)	(1,688,788)	(4,483,714)	(4,985,712)
Investment Income	(915,077)	(775,018)	(1,041,219)	(901,160)	(1,222,290)	(1,234,419)
Reserves	0	0	0	0	0	0
Other Income	0	0	0	0	0	0
Total Income	(21,022,795)	(19,933,306)	(22,496,828)	(25,048,356)	(21,322,473)	(27,290,187)
Expenditure						
Water Services	2,990,836	3,102,260	3,657,892	3,741,423	5,701,151	8,244,032
Waste Management	766,975	783,426	923,671	940,122	585,266	1,108,734
Transport	7,466,533	7,651,586	8,430,807	9,167,898	4,438,555	11,367,938
Community Facilities	1,258,899	1,367,137	1,554,141	1,662,379	1,038,001	1,827,224
Planning and Regulatory	825,443	1,190,499	1,063,499	1,428,555	817,408	1,415,565
Leadership and Governance	737,362	815,262	895,706	973,606	584,404	1,986,709
Investments	34,384	324,366	118,178	408,160	82,672	(68,163)
Property	626,939	784,436	770,278	927,775	147,280	628,454
Support Services	2,962,660	2,970,195	3,556,693	3,564,228	2,844,605	2,560
Total Expenditure	17,670,030	18,989,167	20,970,864	22,814,146	16,239,341	26,513,053
(Surplus) / Deficit	(3,352,765)	(944,139)	(1,525,964)	(2,234,210)	(5,083,132)	(777,135)

For the purposes of this report budgets have been restated to remove Support Services costs from within Activity Areas. This ensures that actual and budget costs are comparable. Support Services budgets are allocated to the Core Services as internal overhead charges as part of the annual reporting function.

The FY forecast is calculated using the year to date actual plus the budget phased into the balance of the year. Known significant adjustments have been included in calculation where appropriate, and include:

1. The NZTA capital subsidy permanent under-recovery of 0.72M
2. The pool permanent capital subsidy permanent under-recovery of 0.6M

Excluded from the forecasts is:

1. Potential NZTA Capital and Operational Subsidies from the catch-up project work expected over the balance of this financial year
2. Provision for write off of assets on renewed roads, pipes and other water assets



Financial Position

	Council 2015/2016 Actual as at 30 April 2016	Council 2015/2016 Budgeted as at 30 April 2016	Council 2015/2016 Forecasted 30 June 2016	Council 2015/2016 Annual Plan as at 30 June 2016	Council 2014/15 Actual as at 30 April 2015	Council 2014/15 Actual as at 30 June 2015
Assets						
Current Assets						
Non Interest Bearing Cash & Equivalents	127,538	140,775	157,538	140,775	(1,211,923)	104,098
Inventories	3,921	38,291	3,921	38,291	3,921	40,082
Trade and Other Receivables	6,165,487	8,656,022	3,494,333	5,984,868	4,605,479	6,847,635
Financial Assets at Fair Value	8,853,746	1,646,281	12,749,484	5,542,019	10,652,667	10,149,794
Total Current Assets	15,150,692	10,481,369	16,405,276	11,705,953	14,050,144	17,141,610
Non Current Assets						
Property Plant and Equipment	241,422,825	236,927,006	240,615,461	236,119,642	243,735,041	245,765,924
Work in Progress	7,120,966	9,306,664	8,416,832	10,602,530	6,032,748	0
Loans and Other Receivables	90,247	0	60,247	0	90,247	90,247
Investment Property	277,000	277,000	277,000	277,000	277,000	277,000
Biological Assets	150,380	69,946	150,380	69,946	150,380	150,380
Investments in Subsidiary	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Available for Sale Financial Assets	22,992	22,992	22,992	22,992	22,992	22,992
Intangible Assets	146,040	143,277	146,040	143,277	106,132	156,733
Term Financial Assets at Fair Value	10,371,522	7,778,642	10,371,522	7,778,642	9,095,999	7,621,424
Total Non Current Assets	260,851,973	255,775,527	261,310,475	256,264,029	260,760,538	255,334,700
Total Assets	276,002,664	266,256,895	277,715,750	267,969,981	274,810,682	272,476,310
Liabilities						
Current Liabilities						
Trust Funds and Deposits	(276,103)	0	(276,103)	0	(253,158)	(248,372)
Trade Payables	(3,093,442)	(4,133,933)	(2,781,855)	(3,822,346)	(507,085)	(2,740,235)
Employee Benefit Liabilities	(343,212)	0	(343,212)	0	(331,167)	(482,140)
Contract Retentions	(696,929)	0	(696,929)	0	(781,478)	(765,351)
Accrued Interest	0	0	0	0	0	0
Borrowings	0	0	0	0	0	0
Taxation	0	0	0	0	0	0
Total Current Liabilities	(4,409,687)	(4,133,933)	(4,098,100)	(3,822,346)	(1,872,887)	(4,236,097)
Non Current Liabilities						
Trade Payables	0	0	0	0	0	0
Employee Benefit Liabilities	(121,063)	(147,883)	(121,063)	(147,883)	(131,549)	(121,063)
Borrowings	(5,000,000)	(5,000,000)	(5,550,000)	(5,550,000)	(5,000,000)	(5,000,000)
Landfill Aftercare	(478,126)	(859,562)	(478,126)	(859,562)	(859,225)	(478,126)
Total Non Current Liabilities	(5,599,189)	(6,007,445)	(6,149,189)	(6,557,445)	(5,990,774)	(5,599,189)
Total Liabilities	(10,008,875)	(10,141,378)	(10,247,288)	(10,379,791)	(7,863,662)	(9,835,286)
Net Assets	265,993,789	256,115,517	267,468,462	257,590,190	266,947,021	262,641,024
Equity						
Retained earnings						
Restricted Reserves	(137,091,404)	(110,064,016)	(137,401,024)	(110,373,636)	(137,177,699)	(138,382,541)
Unrestricted Reserves	0	0	0	0	0	2,068,271
Current Year (Surplus)/Deficit	(3,352,765)	(944,322)	(4,642,872)	(2,234,429)	(5,083,132)	(777,135)
Total Retained earnings	(140,444,169)	(111,008,338)	(142,043,896)	(112,608,065)	(142,260,831)	(137,091,404)
Other Reserves						
Revaluation Reserves	(102,371,188)	(124,590,386)	(102,371,188)	(124,590,386)	(103,576,030)	(102,371,188)
Sinking Fund	0	0	0	0	0	0
Special Funds	(23,178,431)	(20,516,793)	(23,053,377)	(20,391,739)	(21,110,160)	(23,178,431)
Total Other Reserves	(125,549,620)	(145,107,179)	(125,424,566)	(144,982,125)	(124,686,190)	(125,549,620)
Total Equity	(265,993,789)	(256,115,517)	(267,468,462)	(257,590,190)	(266,947,021)	(262,641,024)

Excluded from the forecasted position is:

1. Advised potential additional Capital Work in Progress spending of up to \$1M on the new Tawhara Reservoir.



Cashflow

	Actual to Date 2015/16	Full Year Budget 2015/16	Remaining Budget 2015/16
OPERATING ACTIVITIES			
Cash was provided from:			
Rates received	11,649,995	13,077,245	1,427,250
Other Revenue	9,979,155	12,079,897	2,100,742
	<u>21,629,150</u>	<u>25,157,142</u>	<u>3,527,992</u>
Cash was applied to:			
Payments to Suppliers & Employees	13,405,944	20,555,817	7,149,873
Taxation	-	-	-
Interest Paid	274,816	473,078	198,262
	<u>13,680,760</u>	<u>21,028,895</u>	<u>7,348,135</u>
Net Cash Flow from Operations	<u>7,948,389</u>	<u>4,128,247</u>	<u>(3,820,142)</u>
INVESTING ACTIVITIES			
Cash was provided from:			
Decrease in Loans & Other Receivables			
Sale of Property, Plant & Equipment		70,000	70,000
Sale of Financial Assets	-	1,400,000	1,400,000
	<u>-</u>	<u>1,470,000</u>	<u>1,470,000</u>
Cash was applied to:			
Increase in loans & advances			
Purchase of Intangibles			
Purchase of Financial Assets	1,454,050	-	- 1,454,050
Purchase of Property, Plant & Equipment	6,470,899	10,600,149	4,129,250
	<u>7,924,949</u>	<u>10,600,149</u>	<u>2,675,200</u>
Net Cash Flows from Investing Activities	<u>(7,924,949)</u>	<u>(9,130,149)</u>	<u>(1,205,200)</u>
FINANCING ACTIVITIES			
Cash was provided from:			
Loans Raised	-	550,000	550,000
	<u>-</u>	<u>550,000</u>	<u>550,000</u>
Cash was applied to:			
Borrowings Repaid	-	2,334,615	-
	<u>-</u>	<u>2,334,615</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>-</u>	<u>(1,784,615)</u>	<u>550,000</u>
Net Increase/(Decrease)	<u>23,441</u>	<u>(6,786,517)</u>	<u>(4,475,343)</u>
Plus opening cash & cash equivalents	104,098	6,927,292	6,823,194
Cash & cash equivalents at end of year	<u>127,538</u>	<u>140,775</u>	<u>2,347,852</u>
Made up of:			
Cash	127,538	140,775	13,237
Short Term Deposits			
Bank Overdraft	-	-	-
	<u>127,538</u>	<u>140,775</u>	<u>13,237</u>



**RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOW
FROM OPERATING ACTIVITIES:
For the period ended April 2106**

	Actual to Date 2015/16
Surplus / Deficit	3,352,765
Add / (less) non cash items:	
Depreciation and amortisation	3,703,724
Impairment	
Gains on Investments held at fair value	
Add / (less) items classified as investing or financing activities:	
(Gains) / Losses on disposal of property, plant and equipment	
Add / (less) movements in working capital items:	
(Inc) / Dec Accounts receivable	682,149
(Inc) / Dec Prepayments	-
(Inc) / Dec Inventories	36,162
Inc / (Dec) Accounts payable	173,592
Inc / (Dec) Income in Advance	-
Inc / (Dec) Accrued Expenses	-
Inc / (Dec) Employee benefits	(2)
Net cash inflow / (outflow) from operating activities	<u><u>7,948,389</u></u>



Capital Program

Year to date capital expenditure by Cost Centre is:

Capital Projects	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget
Library	33,836	45,830	(11,994)	55,000	21,164
Water Reticulation	1,159,192	326,669	832,523	370,003	(789,189)
Water Treatment	219,653	392,000	(172,347)	392,000	172,347
Stormwater	46,156	385,000	(338,844)	450,000	403,844
Sewerage	252,896	633,330	(380,434)	774,996	522,100
Waste Management	18,725	55,000	(36,275)	95,000	76,275
Wairoa Airport	10,659	65,000	(54,341)	65,000	54,341
Roading Subsidised	2,591,342	5,458,350	(2,867,008)	6,075,016	3,483,674
Roading Non Subsidised	194,353	338,000	(143,647)	348,000	153,647
Infrastructural Business Unit	16,934	48,750	(31,816)	55,000	38,066
Parking	0	60,715	(60,715)	60,715	60,715
Parks and Reserves	285,207	190,000	95,207	265,000	(20,207)
Community Centre	1,909,640	862,490	1,047,150	1,035,000	(874,640)
Visitors Information Centre	1,250	0	1,250	0	(1,250)
Pensioner Housing	44,018	42,500	1,518	51,000	6,982
Cemeteries	40,978	70,000	(29,022)	85,000	44,022
Environmental Health	20,123	25,000	(4,877)	25,000	4,877
Building Inspection	72,338	60,000	12,338	60,000	(12,338)
ByLaw Control	43,227	61,000	(17,773)	61,000	17,773
Civil Defence	56,904	85,000	(28,096)	85,000	28,096
Rural Fire	957	0	957	0	(957)
Council	6,129	0	6,129	0	(6,129)
Property Corporate	3,312	0	3,312	0	(3,312)
Information Centre Building	0	17,000	(17,000)	17,000	17,000
Chief Executive Officer	1,692	0	1,692	0	(1,692)
Administration Services	31,861	25,000	6,861	55,000	23,139
Information Services	58,436	60,030	(1,594)	87,800	29,364
Engineering Services	1,147	0	1,147	35,000	33,853
Subtotal of this Years Costs	7,120,966	9,306,664	(2,185,698)	10,602,530	3,481,564
Prior Years Work in progress	(611,562)	0	(611,562)	0	611,562
Planned Capital Spending	6,509,404	9,306,664	(2,797,260)	10,602,530	4,093,126
Capital Subsidies					
Water Reticulation System	0	(83,330)	83,330	(99,996)	(99,996)
Water Treatment Plant	0	0	0	0	0
Sewerage	(1,055,000)	0	(1,055,000)	0	1,055,000
Roading Subsidised	(2,566,284)	(3,856,670)	1,290,386	(4,628,004)	(2,061,720)
Community Centre	(390,000)	(833,340)	443,340	(1,000,000)	(610,000)
Net Planned Capital Spending	1,533,704	3,597,842	(2,064,138)	4,874,530	(7,261,704)

	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget
Additions	3,124,585	2,775,090	349,495	3,337,016	212,431
Renewal	3,996,381	6,531,574	(2,535,193)	7,265,514	3,269,133
Total Gross Spend this Year	7,120,966	9,306,664	(2,185,698)	10,602,530	3,481,564

The Community Centre Overspend is the funding brought forward for capital projects from 2014/15, however this adjustment to the budgets for the year cannot be reflected in the Annual Plan. Finance is investigating the options available to reflect these changes in future reports.



Net Operating Cost of Service by Service Activity

	ACTUAL 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	ACTUAL 2014/15 (YTD)	ACTUAL 2014/15 (Full Year)
Net Operating Cost of Service					
Water Services					
Income	(305,528)	(1,069,965)	(1,426,620)	(3,250,926)	(3,582,141)
Operating Cost	3,026,916	3,067,960	4,121,571	6,952,151	8,721,826
Maintenance Cost	26,637	17,925	28,200	16,643	29,981
Capital Costs	0	67,158	89,544	0	0
Total Water Services	2,748,025	2,083,078	2,812,695	3,717,868	5,169,666
Waste Management					
Income	(237,109)	(262,503)	(350,000)	(233,913)	(359,009)
Operating Cost	706,771	680,846	930,000	608,453	1,108,734
Capital Costs	0	7,596	10,122	0	0
Total Waste Management	469,662	425,939	590,122	374,540	749,725
Transport					
Income	(2,404,631)	(3,872,637)	(5,163,516)	(2,252,529)	(4,191,497)
Operating Cost	2,232,295	2,714,623	3,758,213	3,038,137	6,668,407
Maintenance Cost	4,536,162	4,049,551	5,408,017	3,073,188	4,699,531
Capital Costs	0	1,251	1,668	0	0
Total Transport	4,363,827	2,892,788	4,004,382	3,858,796	7,176,441
Community Facilities					
Income	(138,065)	(77,121)	(102,826)	(150,695)	(121,668)
Operating Cost	841,030	927,663	1,272,041	764,601	1,463,392
Maintenance Cost	247,964	259,453	356,322	248,320	363,832
Capital Costs	0	25,515	34,016	0	0
Total Community Facilities	950,930	1,135,510	1,559,553	862,226	1,705,556
Planning and Regulatory					
Income	(526,615)	(412,263)	(549,686)	(582,563)	(569,298)
Operating Cost	691,162	1,015,453	1,402,635	695,384	1,279,649
Maintenance Cost	9,559	9,945	13,260	3,723	6,590
Job Costing	33,028	0	0	99,929	129,326
Capital Costs	0	9,495	12,660	0	0
Total Planning and Regulatory	207,134	622,630	878,869	216,472	846,267
Leadership and Governance					
Income	(13,014)	(12,024)	(16,050)	(972)	(12,724)
Operating Cost	596,951	621,611	957,106	530,963	1,986,436
Maintenance Cost	505	5,000	5,000	273	273
Capital Costs	0	8,631	11,500	0	0
Total Leadership and Governance	584,442	623,218	957,556	530,263	1,973,985
Investments					
Income	(576,167)	(749,955)	(950,736)	(1,330,503)	(1,294,328)
Operating Cost	26,578	293,899	408,168	83,020	(68,163)
Total Investments	(549,589)	(456,056)	(542,568)	(1,247,483)	(1,362,491)
Property					
Income	(69,242)	(205,791)	(274,390)	(72,551)	(246,858)
Operating Cost	497,445	722,626	936,291	407,014	692,114
Maintenance Cost	81,216	90,676	108,565	57,401	87,510
Capital Costs	0	41,544	55,385	0	0
Total Property	509,418	649,055	825,851	391,863	532,766
Support Services					
Income	(1,015)	227,648	(86,461)	(1,913)	(3,740,578)
Operating Cost	2,625,949	2,992,734	3,990,306	2,742,765	3,740,578
Capital Costs	0	8,235	10,975	0	0
Total Support Services	2,624,934	3,228,617	3,914,820	2,740,852	(0)
Total Net Operating Cost of Service	11,908,784	11,204,778	15,001,280	11,445,398	16,791,914

For the purposes of this report budgets have been restated to remove Support Services costs from within Activity Areas. This ensures that actual and budget income and costs are comparable.



Finance Audit & Risk Committee

13 July 2016

Monthly Financial Report to 31 May 2016

Department	Finance
Author	Finance Planning Manager – C Hankey
Contact Officer	Chief Financial Officer – A Morton
1. Purpose	1.1 To present the May 2016 monthly Financial Report to Committee
Recommendation	The Chief Financial Officer RECOMMENDS that Committee: <ol style="list-style-type: none"> 1. Receives this report 2. Endorses the report and forward the report for presentation to Council
2. Background	<p>2.1 New policy and direction from Council has requested that monthly results be prepared for consideration.</p> <p>2.2 Finance has a requirement to prepare and present monthly/quarterly financial reports to Council</p> <p>2.3 There are no previous resolutions by Council on this matter.</p> <p>2.4 The report shows the financial impact of delivering Council Vision and Outcomes to the community.</p>
3. Options	<p>3.1 The options identified are:</p> <ol style="list-style-type: none"> a. Revert to the Status Quo position of ad-hoc infrequent Reporting b. Reject this report c. Accept this report <p>3.2 The report as presented attempts to balance the needs of Council in providing an overview of the results, as well as core reporting as per the Annual Report and Long-term and Annual Plans. While this presents a significant level of information, it provides a consistent reporting environment comparable to prior Annual Reports and future reporting. Committee has the option to reject the presented report.</p> <p>3.3 Greater transparency of reporting and information provides levels of certainty to governing bodies that business units are adhering to established plans and policies. Reporting provided in the attached report is designed to meet the needs of Council and community in providing relevant, appropriate reporting of financial results and position. Committee is asked to note that the development of this report is ongoing and any feedback on content is sought.</p>

	3.4 The preferred option is option C – Acceptance of this report, as this meets the purpose of local government in reviewing and managing functions in a way that is most cost-effective for households and businesses.
4. Conclusion	4.1 Council is in a strong financial position. 4.2 External Debt is within limits set within the Long-Term Plan
5. Corporate Considerations	Not Applicable
What is the change?	5.1 There are no likely changes to Policy or Operations from this report. 5.2 This report will not trigger a s17a review
Compliance with legislation and Council Policy	5.3 Annual Plan – N/A 5.4 Long Term Plan 2015-2025 – N/A 5.5 District Plan – N/A 5.6 Economic Development Strategy – N/A 5.7 Other Council Policies – Financial Management 5.8 Relevant legislation – LG Act, Financial Reporting Act 5.9 Greater visibility of financial management and operational results for the 2105/16 Year to Date
What are the key benefits?	
What is the cost?	5.10 Not Applicable
What is the saving?	5.11 Not Applicable
Who has been consulted? (please refer to significance and engagement policy)	5.12 There is indication of a general interest in the financial results of the Council by members of the Public 5.13 No communication or consultation has been undertaken for this report. 5.14 A number of reports have been prepared/included in line with the Annual Reporting and Annual/Long Term Planning requirements for consistency. 5.15 There is no further consultation required. 5.16 Tanagta whenua have not been separately consulted. 5.17 Not Applicable
Service delivery review	
Maori Standing Committee	5.18 Not Applicable.
6. Significance (please refer to significance and engagement policy)	6.1 Finance effects all public 6.2 Public interest in Council Finances has been readily advertised, with commentary by public both to Council and Staff, as well as public forums including The Wairoa Star. 6.3 There is no impact on the council budget or capacity 6.4 The decision can be reversed, however this is not expected at this time 6.5 There is no alteration of service levels of any council significant activity 6.6 There is no impact on any council strategic assets 6.7 Does this decision involve changing the way in which a

7. Risk Management

Further Information Appendices Background Papers

References (to or from other Committees) Confirmation of statutory compliance

Signatory

significant activity is delivered? No

6.8 This is not a significant decision, there is no impact of the relationship of Maori to ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

7.1 There are no strategic risks identified in the implementation of the recommendations

7.2 Financial Risks are noted in the report
Not Applicable

Appendix 1 – January 2016 Financial Report
Not Applicable

This is the first instance where reports on this topic have gone to Council or Committee. It is expected that reports of this nature will be prepared each month.

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

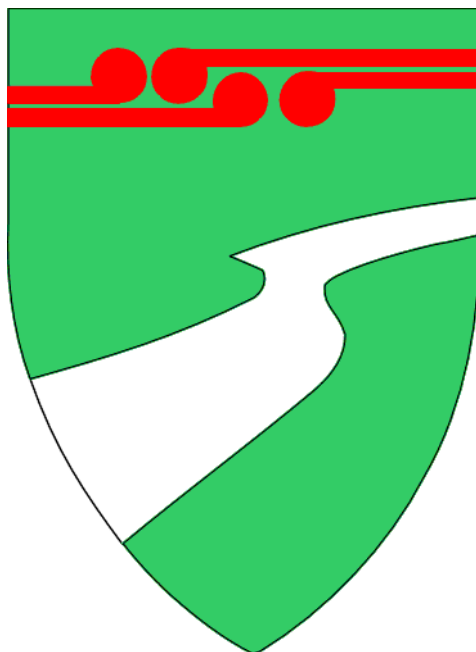
b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Author
Christopher Hankey

Approved by
Andrew Morton




WAIROA DISTRICT COUNCIL



MONTHLY FINANCIAL REPORT

31 May 2016

(2015/16 PERIOD 11)



Contents

EXECUTIVE SUMMARY	3
ANALYSIS	5
Financial Health.....	5
Financial Position Indicators	7
Sources of Income and Application of Funds.....	13
Council Net Cost of Services	15
ACTIVITY ANALYSIS.....	16
Comprehensive Income and Expenditure.....	16
Water Services	17
Waste Management	18
Transport.....	19
Community Facilities.....	20
Planning and Regulatory	21
Leadership and Governance	22
Investments.....	23
Property	24
Support Services	25
FINANCIAL RISKS	26
FINANCIAL ACCOUNTS	29
Whole of Council Funding Impact Statement	29
Whole of Council Activity Statement.....	31
Statement of Comprehensive Income and Expenditure	32
Financial Position	33
Cashflow.....	34
Capital Program	36
Net Operating Cost of Service by Service Activity	37



EXECUTIVE SUMMARY

Overall Financial Health Assessment:  Altham Z-Score: **34.28/2.6⁽¹⁾**

¹ Anything over a score of 2.6 is considered a safe and healthy organisation

Cash & Term Deposits on Hand: **\$8M**

Council owes a total of **\$9.6M** to other parties

Term Investments Valued at: **\$11.6M**

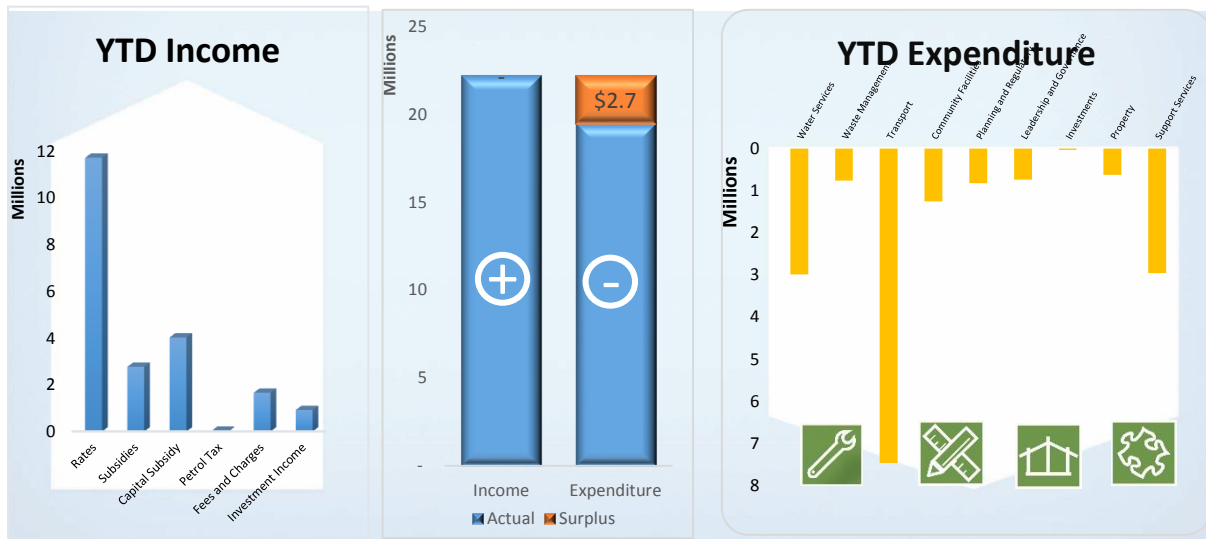
Council is currently worth: **\$265.4M**

Capital spending YTD: **\$8.1M**

Council has total assets of **\$274.9M**

Year to date net surplus of **\$2.71M**, (Budget \$3.04M)

forecasting a net surplus of **\$1.67M** (Budget \$2.23M) for the year



(All values are in \$M. Comparisons to budget for these items start on page 13 of this report).

Financial Policy Achievement Assessments:

Rates as a Percentage of Income	Cash on Hand	Working Capital	Liquidity	Investment Maturity Policy Measures	Creditor Payment Days	Debt Policy Measures
😊	😊	😊	😊	😊	😊	😊

WDC’s achievement for the YTD against the limitations established in approved finance policies.



ANALYSIS

This report is for the 2015/16 Financial Year (FY) representing the periods from 1 July 2015 to 31 May 2016, or period 11 of this Financial Year.

Year to date Council records a net surplus of \$2.71M (Budgeted net surplus of \$3.04M), and is currently forecasting a Full Year net surplus of \$1.67M (Budgeted net surplus of \$2.2M).

Cash & Term Deposits on Hand: \$8M with Term Investments Valued at: \$11.6M.

Trade and Employee Creditors Payable currently stand at: \$3.8M

Council has total assets of \$274.9M⁽²⁾ Capital spending YTD is \$8.1M

External long-term debt is \$5.0M (Budget \$0.55M). No new borrowings will be required this financial year.

Council is currently worth \$265.4M

Financial Risks are detailed on page 26 of this report and total: \$3.71M. This is split between Operational and Capital Risks as per the following tables. Of this \$1.3M is a permanent under-recovery of income for this financial year (\$0.72M Subsidised Roothing, \$0.6M Pool Grants). The summary of assessed risk levels for all items at this time is:

Summary of Operational Risks			Summary of Capital Risks		
Crystallised	1,361,000	44%	Crystallised	-949,483	-158%
Low	1,500,000	48%	Low	550,000	92%
Medium	250,000	8%	Medium	1,000,000	167%
High	0	0%	High	0	0%
Total	3,111,000		Total	600,517	

Financial Health

As at the end of the month WDC's cash, liquidity and Working Capital positions were:

Measure	Actual	Annual Budget or Target
Other Debtors Collection Period ⁽³⁾	77 Days	
Rates Debtors Collection Period	105 Days	
Working Capital	\$9,116,443	\$8,082,815
Working Capital Ratio ⁽⁴⁾	3.3:1	1.25:1
Liquid Ratio ⁽⁵⁾	2.7:1	1:1

Rates Collection days are significantly influenced by the level of multiple owner Maori Land non-collectable arrears for rates, and the raising of the instalment in the accounts in the month prior to the instalment being due. For Other debtors this is significantly affected by a large disputed account, which has been in negotiation for some time. The debt is still considered collectable at this time.

² Roothing and Water Infrastructure is revalued every three years. The last Roothing revaluation was for the 2013/14 Financial Year, Water 2014/15

³ The average number of days that it takes a Debtor to pay his/her account

⁴ Represents the total current assets available to meet each dollar of total current liabilities

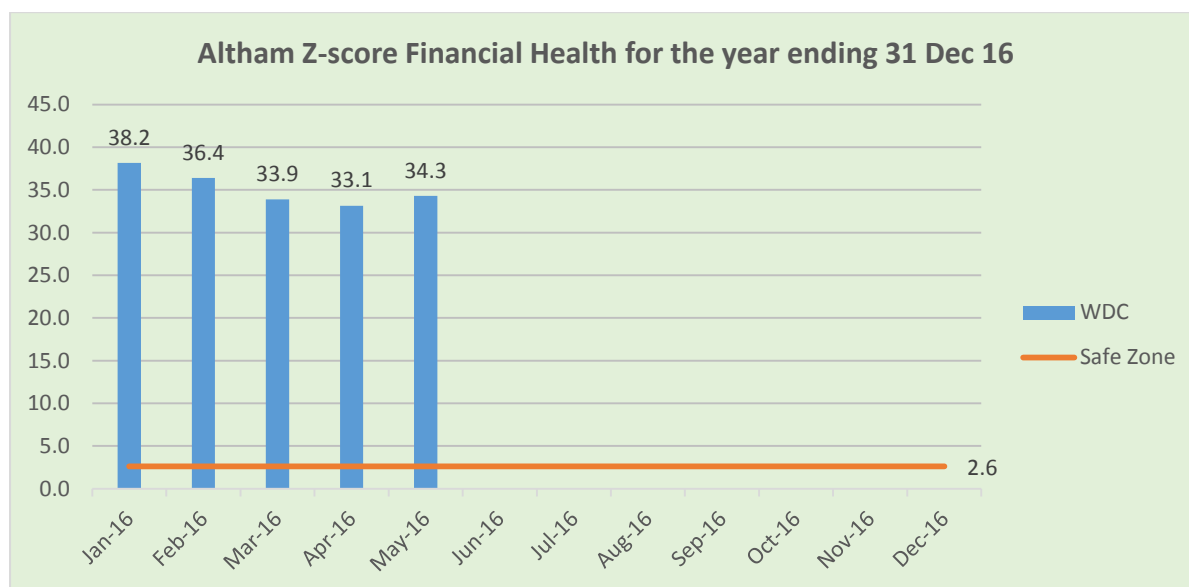
⁵ Represents the cash available to pay each dollar of trade creditors as at the end of the period



Altham Z-score Calculation

This calculation is a measure of financial health that was developed in 1968. It is a system that has multiple calculations based on the type of organisation that is being reviewed. As a review process, it has been proven to be up to 90% accurate in assessing the likelihood of the risk of an entity becoming bankrupt within the next two financial years. This is where an entity receives a net score that is classed as being in the “in distress” Zone of Discrimination.

WDC’s results for the selected calculation by month, Non-Manufacturing Business, are:



No historical comparison can be made at this time due to the lack of actionable information. After 31 Dec 2016 this will be shown as a rolling 12 month report.

This process has “Zones of Discriminations”, which provide guidance to reviewers of the accounts as to the strength of the business under review. For the selected calculation the zones are:

- Z > 2.6 -“Safe” Zone
- 1.1 < Z < 2.6 -“Grey” Zone
- Z < 1.1 -“Distress” Zone

Accordingly, the Wairoa District Council, on the basis of this calculation has a strong, safe and stable outlook. This score is significantly influenced by the low level of long-term external debt currently employed by the Council, and as there are no expectations of this changing in the near future, it is expected that this result will continue as the year progresses.

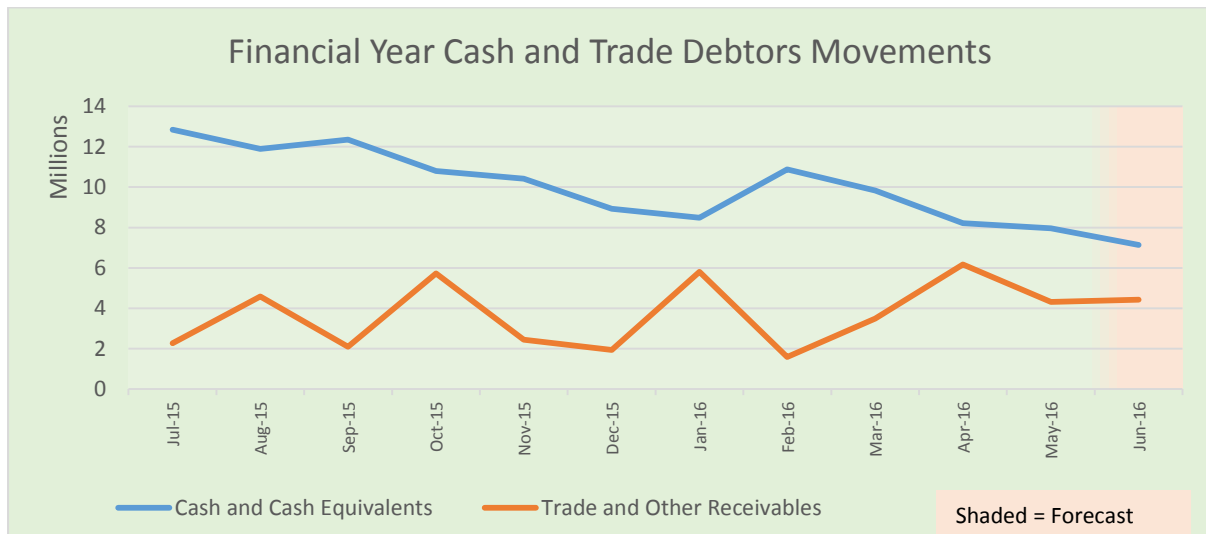


Financial Position Indicators

Current Assets

Current assets balances are:

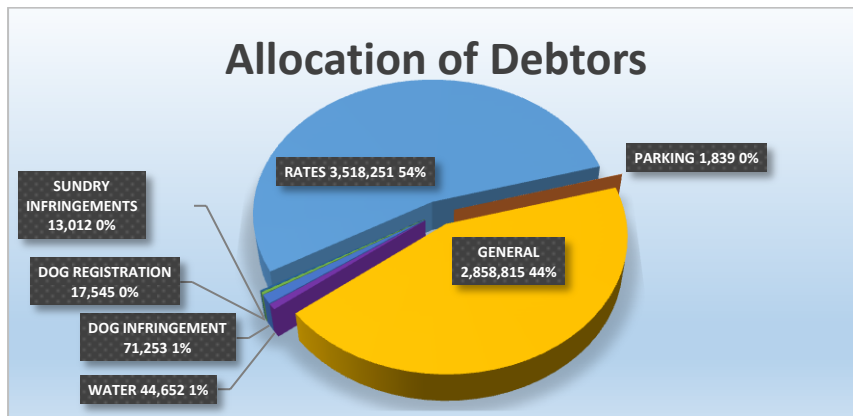
Measure	Actual	Annual Plan Position	Forecast 30 June 2016
Non-Interest Bearing Cash & Equivalents	\$130,287	\$140,775	\$160,287
Interest Bearing Cash on Hand, Term Deposits & Investments due this year	\$8,606,691	\$5,999,877	\$7,779,528
Receivables	\$4,320,031	\$5,882,009	\$4,422,890
Total Current Assets	\$13,060,929	\$12,060,952	\$12,366,625



This graph shows the movements in actual and a forecast of Cash and Cash Equivalents for each month. Peaks in Trade debtors are the charging of rate instalments. Cash has flattened this month against expectations as additional capital expenditure has been paid out and additional investments have been made. WDC continues to have sufficient cash available to meet requirements.

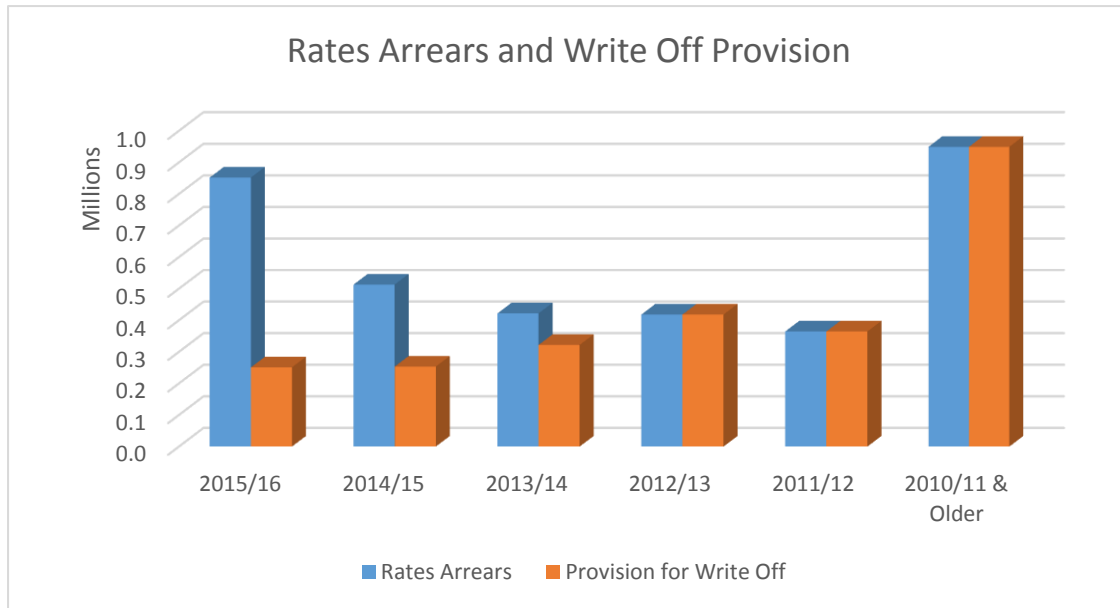
Accounts Receivable

Currently WDC has recorded debtors of \$4.3M. Gross receivables are \$6.5M, before the provisions for doubtful debts. This is allocated:





Analysis of rates arrears by financial year is:

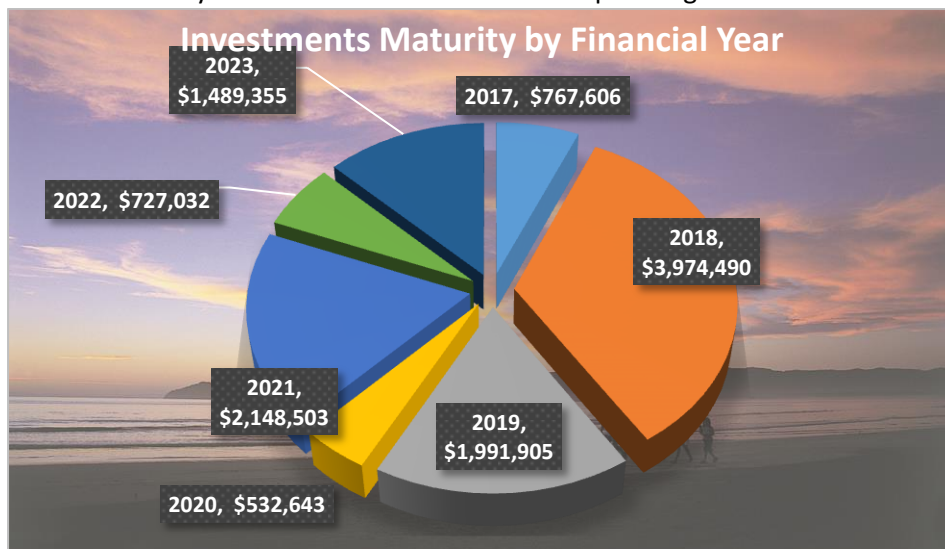


Prior year’s rates arrears are primarily the uncollectable amounts on Maori freehold land (unoccupied, unused land, or land subject to a fragmented ownership structure). Rates arrears are written off after 7 years as statute barred rates, however anything younger than this is retained in the debtor’s database. We allow for debt older than 3 years to be uncollectable. What we have allowed as a provision compared to each year is shown in the graph above and currently stands at a total of \$2.6M. Included in the current year balance are penalties and court collection costs from prior years. Following legal advice in July 2015 these are now included in the General Debtor’s ledger.

General Debtors is a combination of water arrears and the NZTA subsidy for April and May, which were paid in June.

Investments

Current maturity value of all investments in the upcoming Financial Years is:



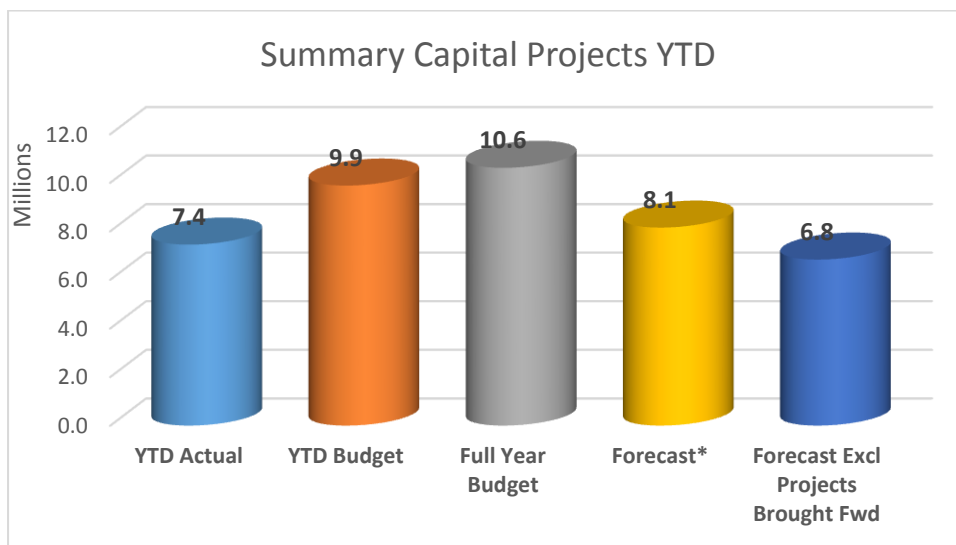


WDC long term cash investments hold a current market value of \$11,631,534, of which \$767,606 is due to mature within the next 12 months. The weighted average investment maturity term is 3.31 years or 39.7 months, with a weighted average coupon interest rate of 5.07%. One investment was made in May for \$0.5M.

Investment opportunities have current yields in the 3.9-4% range. The investment made in May has a coupon rate of 4.25%, as the offer included a minimum interest rate, which was applied.

Capital Programs

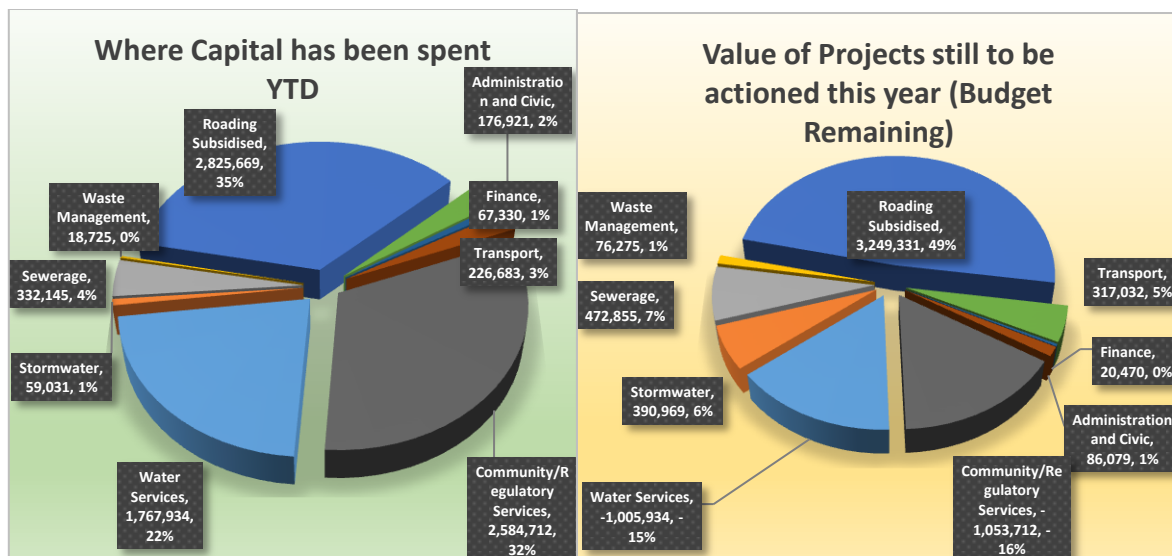
To the end of May capital programs report as being behind target. Year to date total expenditure of \$8.1M has been incurred (in addition to the \$0.6M in prior year’s work), being \$2.2M behind budget, with \$4.28M in capital subsidies having been invoiced.



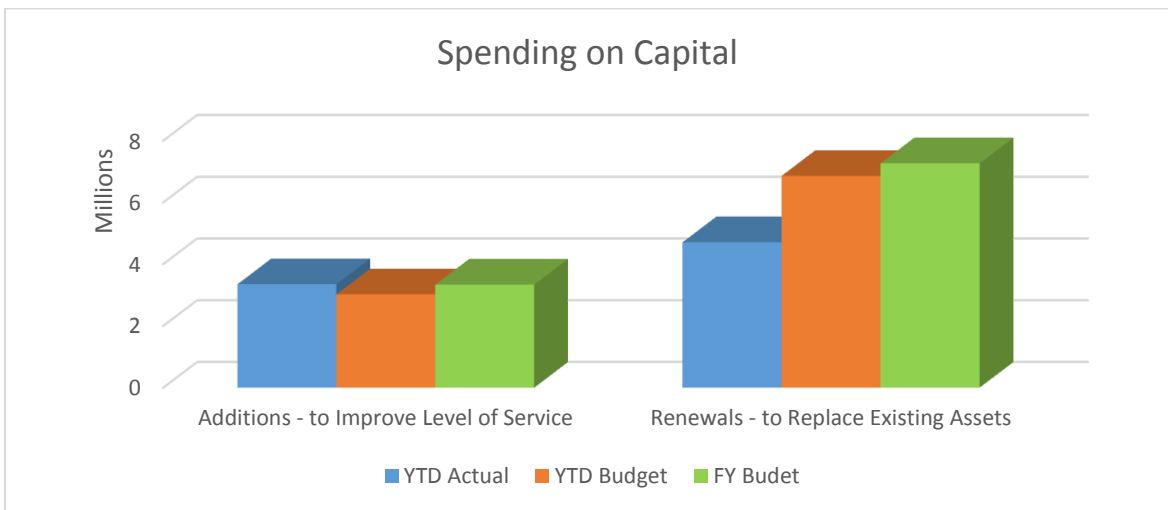
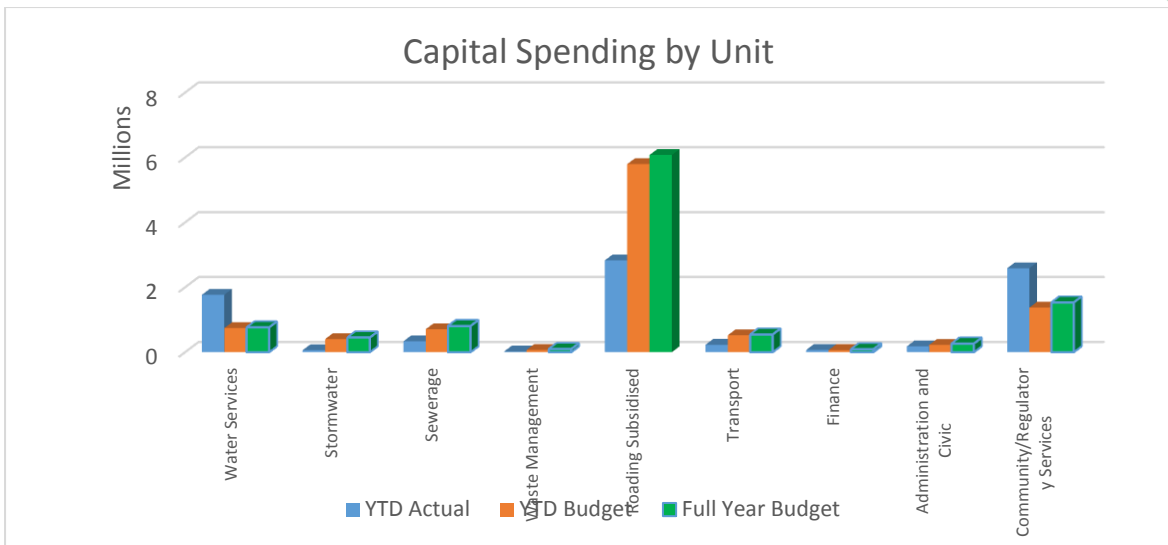
* Forecasted expenditure is actual year to date plus:

1. Budgets for the remainder of the year, with an assumption that all future planned project costs will be incurred (as phased)
2. Expected partial catch-up of Subsidised Roothing work not completed YTD

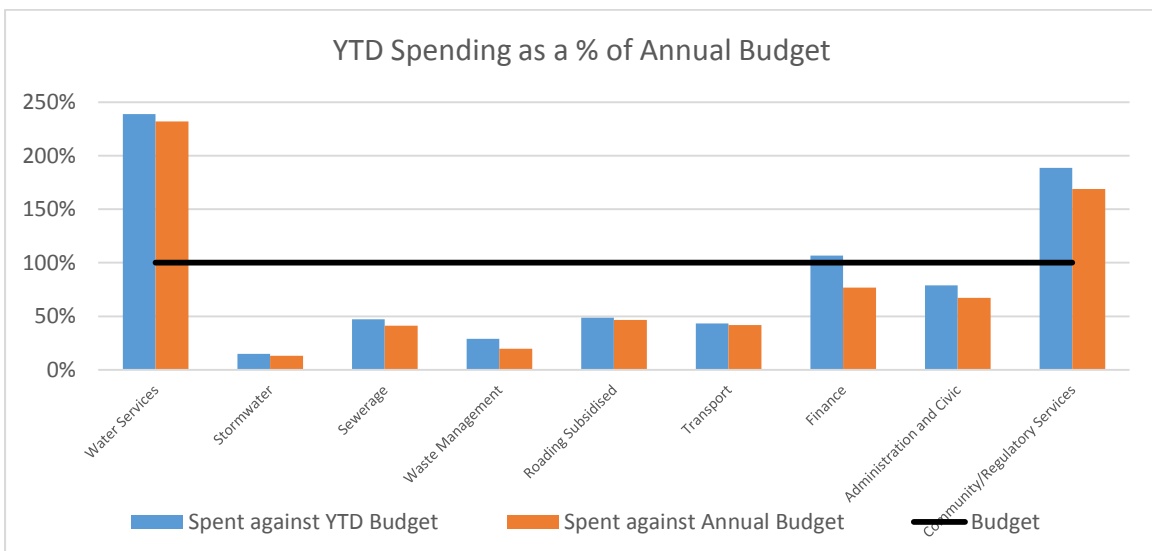
Costs from projects brought forward from 2014/15 year are included in this forecasted estimate. NOTE: No 2014/15 project budgets have been brought forward. Some projects had 2015/16 budgets included in the LTP.



The colour coding of these two graphs is the same for each unit.



The following graph compares spending year to date to both the year to date and the annual budget against how much time has occurred in the year to date. This shows Units that have significant underspends in renewal expenditures. This is primarily subsidised roading that also has an impact on the revenue for the organisation. Further analysis is offered later in the document.





Subsidised Roothing is currently \$2.9M underspent year to date (FY: \$3.2M) partly from the YTD underspend for SP38 projects that were planned as part of the LTP, but have not been funded by NZTA. This work will not occur and significantly impacts on the above graph. However as SP38 work is 100% funded by NZTA, it has been factored into the forecasts and the expectation is that both Capital Expenditure and Subsidy Revenue will be under-recovered by the same \$0.72M for this year.

The Water Services over spend is the Tawhara Reservoir build, as detailed below, for which budget for this activity is in the 2016/17 and 2107/18 years in the LTP. \$0.3M of subsidy has been claimed, this is also in advance of the multi-year budget for this subsidy.

Community and Regulatory services overspend is the community pool project that is \$1.3M overspent for the year to date. This was in part a carried forward project from the 2014/15 FY. Funding for this project could not be included in the annual plan due to the timing of the carry forward of the project.

While overall capital expenditure is underspent, 23 capital projects are in excess of the year to date or full year budget by more than \$10,000. These are analysed:

Overrun Type	YTD			Full Year Budget	FY Budget Remaining	Explanation
	YTD Actual	Operational Budget	YTD Budget Remaining			
Unplanned Projects	140,402	36,663	(103,739)	40,000	(100,402)	6 Projects, 2 are Emergency Work
Projects with cost overruns	1,552,407	1,031,250	(521,157)	1,075,000	(477,407)	LTS Pool Remediation, Bridge Repairs
Projects in Advance of Plan (Multi Year projects)	1,473,419	150,000	(1,323,419)	150,000	(1,323,419)	New Reservoir
Brought Forward from 2014/15 by Resolution	2,317,970	916,663	(1,401,307)	1,000,000	(1,317,970)	No Budget can be loaded for these
Budget Timing or Coding Errors	10,783	15,000	4,217	15,000	4,217	Project in Advance of Budget
Totals	5,494,981	2,149,576	(3,345,405)	2,280,000	(3,214,981)	

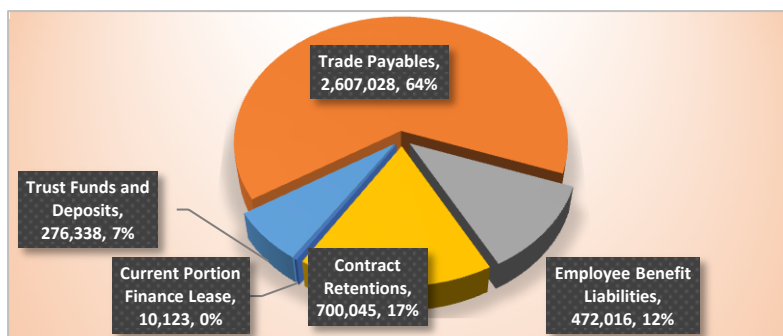
Unplanned projects are predominantly emergency replacements or flood damage repairs, as well as surveyor equipment and some wilding pine clearance. Repairs on Bridges and Structures are in excess of the planned year spending. This is partially funded by NZTA and represents the cost of repairing damages

For the new Tawhara Reservoir, costs are in advance of plan by \$1.0M, with up to an estimated \$1.25M of costs over budget expected to be incurred over this Financial Year. Land acquisition, project design and procurement is completed, giving certainty that total project expenditure will remain unchanged. However the project timing and progress does differs from what originally anticipated, i.e. into the 2017/18 Financial Year. At this time the project is expected to be completed ahead of time and on budget. The project budget will be brought forward in future planning requirements.

Projects brought forward from 2014/15 are as per the Council Resolution approved at the special meeting held 18 December 2015. No budget can be brought forward, however some of these projects were multi-year projects that had funding allocated to them in the 2016 Annual Plan. Finance is looking into an option to create an "Operational Budget" that will provide a methodology of showing budgetary movements approved by Council for internal reporting purposes only, independent of the annual plan which must be reported in the Annual Financial Statements.

Current Liabilities

As at the end of the period, the following debts were due and payable within the next 12 months:

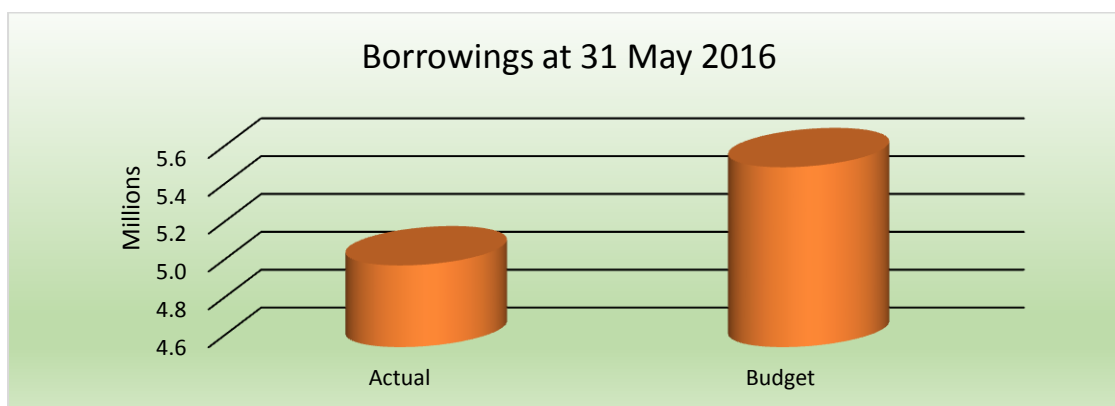


Measure	Actual	Budget or Target
Trade and Employee Liabilities	\$2,957,980	\$3,978,137
Contract Retentions	\$700,045	\$NIL
Total Current Liabilities	\$3,944,487	\$3,978,137
Creditor Payment Days ⁽¹⁾	36 Days	38 Days

(1) The average number of days that it takes a Creditor’s invoice to be paid

All measures in this area show that the Council remains within its normal terms of trade with creditors. The time taken to pay creditors continues to improve as the EPO system becomes more widely utilised. Employee Liabilities are the normal Holiday and Sick pay accrued by staff.

Term Debt

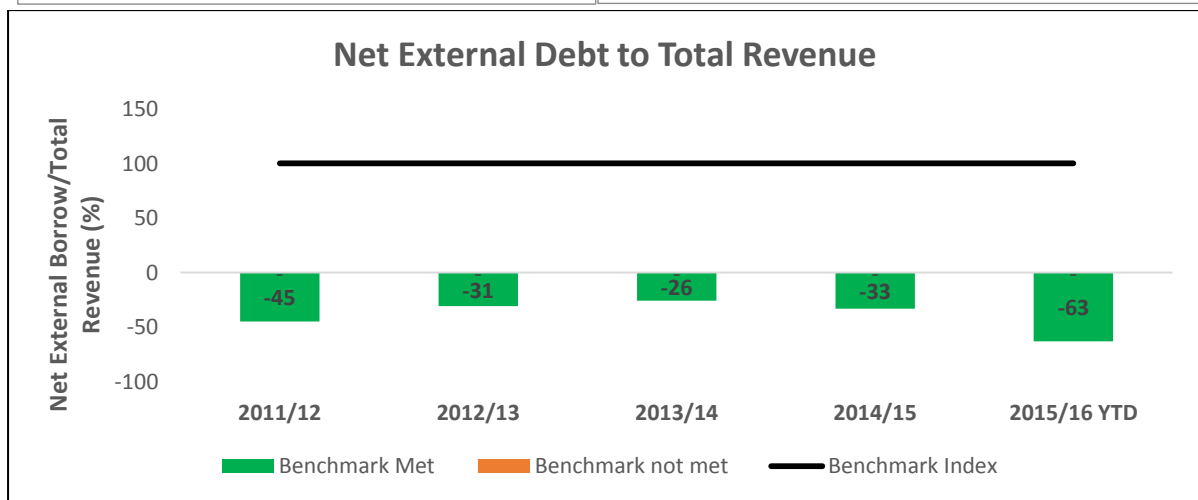
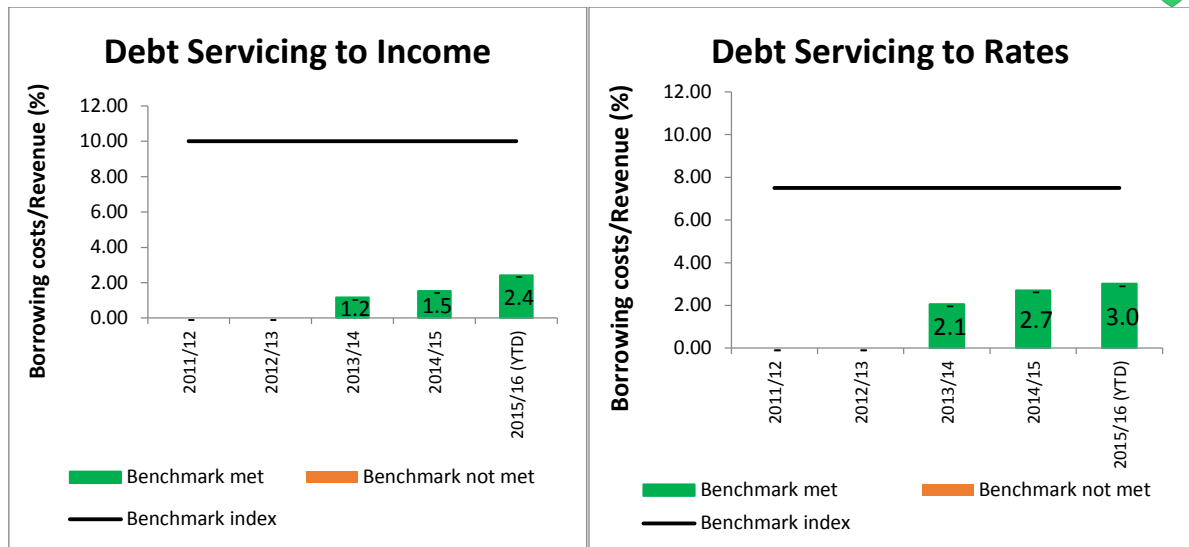


External Borrowing is \$5.0M (budget \$5.55M) for the year. Borrowings are a 5 year fixed term loan at 6% interest rate, due for repayment October 2018. A 3 year finance lease for \$41,463 has been entered into for the purchase of the CCTV system. No additional external borrowings will be required for the financial year with new capital projects funded from internal cash reserves.

Council also holds a \$0.48M (Budget \$0.86M) liability for the Landfill Aftercare requirements.

Debt Policy Measures

The analysis of debt against the limitations detailed in the Investment and Liability Policy are shown below. Council is well within all control measurements for debt with no expectations that any will be breached in the foreseeable future. The results for the year to date, comparing this to the past five financial years are:

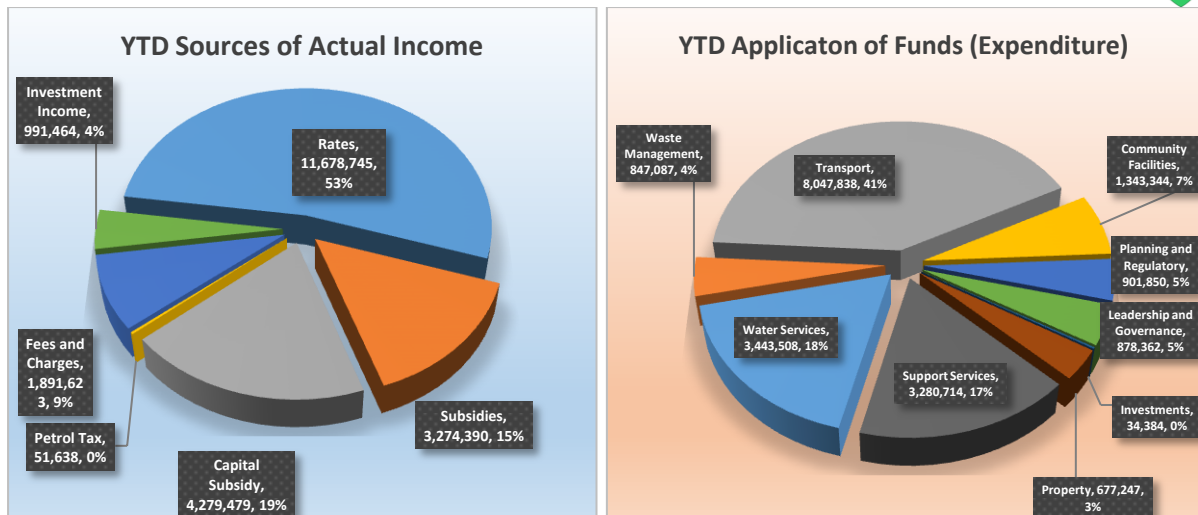


1 Net External Debt is calculated as Term Borrowings plus Current Liabilities; less Cash, Term Deposits and Financial Assets at fair Value. As at 31 May 2016 Net Debt is \$(11.9M), indicating that we have greater cash reserves than external debt.

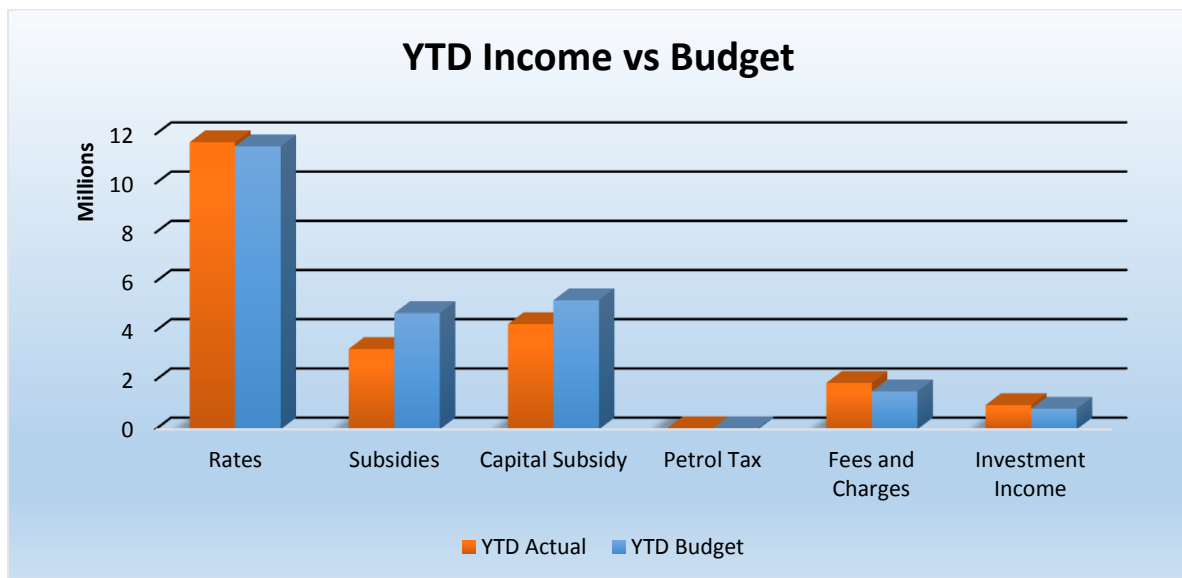
Calculation of these measures shows that Council currently holds approx. \$1.50 for every dollar of debt owed to external parties. As the \$5.0M term debt is for a fixed term, Council would not be able to break this loan and repay this from current cash reserves, without a possible penalty.

Sources of Income and Application of Funds

For the year to date Council has a net surplus of \$2.71M (Budget: net surplus of \$3.04M). Total income year to date was \$22.2M and application of funds for the year to date has been \$19.5M. Income and expenditure are analysed for the year to date as:



Rates were budgeted to reflect 48% of total income over the year and as per our Financial Strategy must not exceed 60% of our total revenue. With the final instalment having been raised for this year rates stand at 53% of YTD income, with 2 months of additional revenue to be received. A permanent under-recovery of subsidies of \$1.3M for the year has been noted.

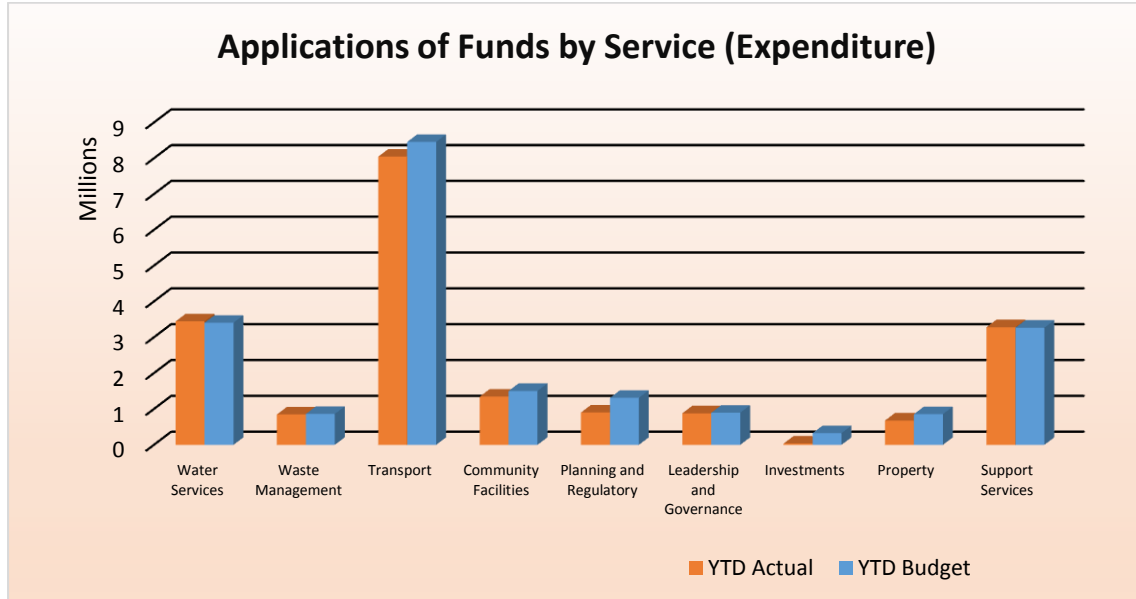


The under-recovery of operating subsidies is due to:

- YTD \$0.6M of a total \$0.72M of NZTA funded work not being funded (Note this was a offset subsidy and the planned work for this subsidy will not be progressed,
- \$0.6M permanent shortfall for the Community Pool development, \$0.5M of this was received in the prior Financial Year, and only \$0.4M of the remainder budgeted \$0.5M has been allocated by the Lotteries Commission.



The Council has used the funds received, in comparison with the year to date budget thus:

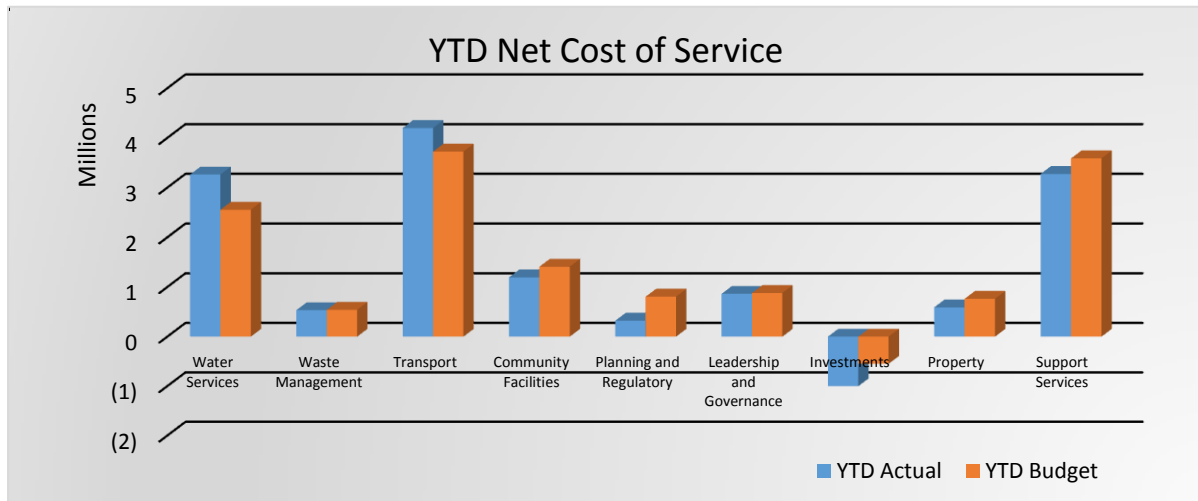


For this report the budgets have been restated to report Support Services costs separately. The core services budgets have been reduced accordingly.

All Units are operating with expected budgets for the YTD at this time.

Council Net Cost of Services

The net cost of service represents the operating costs for the service, less the income generated from the service, excluding Rating income, for the areas of service provision provided by Council to the community. These are summarised as shown below.



The Transport overspend is the combination of the emergency repairs and the under-recovery of NZTA subsidies as mentioned above. Water Services overspend is the Mahia and Opoutama Wastewater scheme costs currently expended.

Investments are retuning well above budget for the year to date. All other units are tracking on target for the full year outlook. Individual section reports are included below for further comment.



ACTIVITY ANALYSIS

Comprehensive Income and Expenditure

These tables contrast the year to date expenditure and a full year forecast to full year budgets.

Support Services budget has been restated from the Annual Plan, where these are factored into the core service area's budgets as internal overhead allocations, both for the FY Budget and proportionally for the YTD budget.

Income has been received from:

Income Type:	YTD Actual (\$ 000)	YTD Budget (\$ 000)	(Under) / Over Recovery	FY Forecast (\$ 000)	FY Budget (\$ 000)	(Under) / Over Recovery
Rates	11,679	11,507	171	11,679	11,507	171
Subsidies	3,274	4,728	-1,454	3,704	5,158	-1,454
Capital Subsidy	4,279	5,251	-971	4,517	5,728	-1,211
Petrol Tax	52	49	3	68	65	3
Fees and Charges	1,892	1,548	344	1,508	1,689	-181
Investment Income	991	837	154	1,055	901	154
Total Income	22,167	23,920	-1,753	22,531	25,048	-2,517

Budgeted Capital Subsidies includes of \$1M of Grants for the building of the Pool. Of this \$0.5M was received last financial year (2014/15) but was brought forward into the current year as the funding had not been received at the time the LTP was prepared. The balance \$0.5M budget is a Grant from the Lotteries Commission of which \$0.39M has been received, with only \$10,000 remaining to be received within the balance of this financial year. Income forecasts for General and Capital Subsidies have not been adjusted to reflect any potential NZTA subsidies to be invoiced from the expected catch-up capital or operational works projects at this time.

Rates over-recovery is a timing issue, with the budget having been loaded in May.

Expenditure has been incurred in the following service areas:

Service Area	YTD Actual (\$ 000)	YTD Budget (\$ 000)	Under / (Overspend)	FY Forecast (\$ 000)	FY Budget (\$ 000)	Under / (Overspend)
Water Services	3,444	3,407	-36	3,806	3,741	-64
Waste Management	847	862	15	925	940	15
Transport	8,048	8,457	409	8,207	9,168	961
Community Facilities	1,343	1,503	159	1,503	1,662	159
Planning and Regulatory	902	1,310	408	1,021	1,429	408
Leadership and Governance	878	895	16	957	974	16
Investments	34	324	290	118	408	290
Property	677	856	179	749	928	179
Support Services	3,281	3,267	-13	3,578	3,564	-13
Total Expenses	19,454	20,880	1,426	20,864	22,814	1,950

All units expect to be within full year budgets at this time, except Subsidised Roding as detailed above. Support services actual costs are allocated to the core service areas as internal overheads at the end of the year.



Water Services

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,576,263)	(2,538,485)	(2,457,814)	(2,661,313)	(2,608,678)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(1,144,889)	(972,510)	(1,060,920)	(1,000,141)	(1,136,040)
Interest and Dividends from Investments	-	(335,225)	(365,700)	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(3,721,152)	(3,846,220)	(3,884,434)	(3,661,454)	(3,744,718)
Application of Operating Funding					
Payments to staff and suppliers	2,677,438	1,972,994	2,176,953	3,590,938	4,315,981
Finance costs	263,959	325,215	354,780	259,861	302,500
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	2,941,396	2,298,209	2,531,733	3,850,799	4,618,481
Surplus (Deficit) of Operating Funding	779,756	1,548,011	1,352,701	(189,345)	(873,763)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(1,325,000)	(91,663)	(99,996)	(1,000,000)	(1,034,301)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	(0)	(0)
Total Source of Capital Funding	(1,325,000)	(91,663)	(99,996)	(1,000,000)	(1,034,301)
Total Sources of capital funding	(1,325,000)	(91,663)	(99,996)	(1,000,000)	(1,034,301)
Application of Capital Funding					
Capital expenditure - to improve the level of service	93,081	320,000	320,000	373,182	515,907
Capital expenditure - to replace existing assets	2,066,029	1,524,499	1,666,999	56,568	108,902
Increase (Decrease) in Reserves	(54,354)	(204,825)	(534,302)	380,905	(464,270)
Total Application of Capital Funding	2,104,756	1,639,674	1,452,697	810,655	160,538
Total application of capital funding	2,104,756	1,639,674	1,452,697	810,655	160,538
Surplus (Deficit) of Capital Funding	(779,756)	(1,548,011)	(1,352,701)	189,345	873,763
Funding Balance	-	-	-	-	-

This report has been adjusted for Internal Charges recoveries.

Charges to commercial consumers are well advanced of the annual budget for the year to date period and expect to result is a significant benefit to the organisation at this time. This additional revenue has required additional expenditure and whilst the surplus is less than budget the service area is performing strongly.



Waste Management

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(607,952)	(599,037)	(580,000)	(584,779)	(573,214)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(313,821)	(320,837)	(350,000)	(265,150)	(359,009)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(921,773)	(919,874)	(930,000)	(849,929)	(932,223)
Application of Operating Funding					
Payments to staff and suppliers	760,665	765,391	835,000	629,451	817,764
Finance costs	-	52,008	56,727	5,862	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	760,665	817,399	891,727	635,313	817,764
Surplus (Deficit) of Operating Funding	161,108	102,475	38,273	214,617	114,459
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	18,725	65,000	95,000	3,900	48,877
Capital expenditure - to replace existing assets	-	-	-	-	-
Increase (Decrease) in Reserves	142,383	37,475	(56,727)	210,717	65,582
Total Application of Capital Funding	161,108	102,475	38,273	214,617	114,459
Total application of capital funding	161,108	102,475	38,273	214,617	114,459
Surplus (Deficit) of Capital Funding	(161,108)	(102,475)	(38,273)	(214,617)	(114,459)
Funding Balance					
Depreciation and Amortisation	86,422	87,087	95,000	86,422	94,279

This report has been adjusted for Internal Charges recoveries.



Transport

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,527,034)	(2,489,978)	(2,410,848)	(2,535,725)	(2,485,575)
Subsidies and grants for operating purposes	(3,086,049)	(4,683,668)	(5,109,456)	(1,638,324)	(3,347,338)
Fees charges and targeted rates for water supply	(761,884)	(49,555)	(54,060)	(769,880)	(844,159)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and c	-	-	-	-	-
Total Source of Operating Funding	(6,374,967)	(7,223,201)	(7,574,364)	(4,943,929)	(6,677,072)
Application of Operating Funding					
Payments to staff and suppliers	6,143,431	5,958,702	6,442,633	5,085,429	7,695,596
Finance costs	-	4,279	4,668	-	-
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	6,143,431	5,962,981	6,447,301	5,085,429	7,695,596
Surplus (Deficit) of Operating Funding	231,536	1,260,220	1,127,063	(141,500)	(1,018,524)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(2,564,479)	(4,242,337)	(4,628,004)	(3,213,414)	(4,873,277)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(2,564,479)	(4,242,337)	(4,628,004)	(3,213,414)	(4,873,277)
Total Sources of capital funding	(2,564,479)	(4,242,337)	(4,628,004)	(3,213,414)	(4,873,277)
Application of Capital Funding					
Capital expenditure - to improve the level of service	959,308	1,364,685	1,443,016	1,426,468	1,501,087
Capital expenditure - to replace existing assets	2,213,304	4,949,465	5,160,715	3,927,684	4,739,666
Increase (Decrease) in Reserves	(376,596)	(811,593)	(848,664)	(2,282,239)	(2,386,000)
Total Application of Capital Funding	2,796,016	5,502,557	5,755,067	3,071,914	3,854,753
Total application of capital funding	2,796,016	5,502,557	5,755,067	3,071,914	3,854,753
Surplus (Deficit) of Capital Funding	(231,536)	(1,260,220)	(1,127,063)	141,500	1,018,524
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	1,698,210	1,816,376	2,724,564	2,335,039	2,547,315

This

report has been adjusted for Internal Charges recoveries.

There are significant underspends in capital work for the year to date. Comment and consideration of a full year out-turn has been requested from the engineering department.



Community Facilities

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(1,545,913)	(1,523,244)	(1,474,836)	(1,695,522)	(1,661,988)
Subsidies and grants for operating purposes	(101,074)	(40,390)	(48,462)	(120,679)	(74,591)
Fees charges and targeted rates for water supply	(41,976)	(45,300)	(54,364)	(43,693)	(47,077)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(1,688,963)	(1,608,934)	(1,577,662)	(1,859,894)	(1,783,656)
Application of Operating Funding					
Payments to staff and suppliers	1,130,130	1,167,912	1,423,329	1,059,809	1,474,051
Finance costs	-	77,120	92,540	125	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	(7,600)	-	-	(21,933)	(24,864)
Total Application of Operating Funding	1,122,530	1,245,032	1,515,869	1,038,001	1,449,187
Surplus (Deficit) of Operating Funding	566,433	363,902	61,793	821,893	334,470
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	225,819	203,330	295,000	101,572	154,023
Capital expenditure - to replace existing assets	126,991	90,000	95,000	98,101	101,423
Increase (Decrease) in Reserves	213,623	70,572	(328,207)	622,220	79,023
Total Application of Capital Funding	566,433	363,902	61,793	821,893	334,470
Total application of capital funding	566,433	363,902	61,793	821,893	334,470
Surplus (Deficit) of Capital Funding	(566,433)	(363,902)	(61,793)	(821,893)	(334,470)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	136,369	126,100	151,310	150,005	163,642

This

report has been adjusted for Internal Charges recoveries.



Planning and Regulatory

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(545,172)	(537,178)	(520,107)	(427,027)	(418,581)
Subsidies and grants for operating purposes	(80,267)	-	-	(111,417)	(1,795)
Fees charges and targeted rates for water supply	(497,531)	(503,877)	(549,686)	(522,287)	(567,503)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(1,122,971)	(1,041,055)	(1,069,793)	(1,060,731)	(987,879)
Application of Operating Funding					
Payments to staff and suppliers	848,963	1,292,401	1,409,858	858,966	1,022,324
Finance costs	7,480	22,418	24,456	13,121	13,330
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	856,443	1,314,819	1,434,314	872,088	1,035,653
Surplus (Deficit) of Operating Funding	266,528	(273,764)	(364,521)	188,643	(47,774)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	95,008	100,000	100,000	37,751	42,152
Capital expenditure - to replace existing assets	98,742	131,000	131,000	55,639	55,639
Increase (Decrease) in Reserves	72,778	(504,764)	(595,521)	95,253	(145,565)
Total Application of Capital Funding	266,528	(273,764)	(364,521)	188,643	(47,774)
Total application of capital funding	266,528	(273,764)	(364,521)	188,643	(47,774)
Surplus (Deficit) of Capital Funding	(266,528)	273,764	364,521	(188,643)	47,774
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	45,407	50,105	54,659	45,407	49,535

This report has been adjusted for Internal Charges recoveries.

Primary underspend in this area is consultancy the annual plan and planning staff costs not a planned levels for the year as part of the District Plan preparation. These are costs that will likely begin to increase in expenditure over the balance of this year and into the next financial year as the Senior Planner is appointed and the preparation of the District Plan moves forward.



Leadership and Governance

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(875,593)	(862,754)	(835,336)	(769,538)	(754,319)
Subsidies and grants for operating purposes	(2,000)	-	-	-	-
Fees charges and targeted rates for water supply	(13,596)	(14,696)	(16,050)	(2,306)	(12,724)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(891,189)	(877,450)	(851,386)	(771,844)	(767,042)
Application of Operating Funding					
Payments to staff and suppliers	872,814	906,478	986,488	682,653	847,906
Finance costs	436	11,396	12,420	408	447
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	873,249	917,874	998,908	683,061	848,353
Surplus (Deficit) of Operating Funding	17,940	(40,424)	(147,522)	88,783	(81,311)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	7,231	-	-	36,878	36,878
Capital expenditure - to replace existing assets	1,250	-	-	-	-
Increase (Decrease) in Reserves	9,459	(40,424)	(147,522)	51,905	(118,189)
Total Application of Capital Funding	17,940	(40,424)	(147,522)	88,783	(81,311)
Total application of capital funding	17,940	(40,424)	(147,522)	88,783	(81,311)
Surplus (Deficit) of Capital Funding	(17,940)	40,424	147,522	(88,783)	81,311
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	5,112	6,600	7,200	5,112	5,577

This report has been adjusted for Internal Charges recoveries.



Investments

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	185,406	182,688	176,882	765,358	750,221
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(2,070)	-	(800)	(533)	(533)
Interest and Dividends from Investments	(981,692)	(488,481)	(519,244)	(1,440,311)	(1,216,512)
Local authorities fuel tax fines infringement fees and other receipts	(51,638)	(48,750)	(65,000)	(58,935)	(77,283)
Total Source of Operating Funding	(849,993)	(354,543)	(408,162)	(734,421)	(544,107)
Application of Operating Funding					
Payments to staff and suppliers	19,634	55,000	55,000	125,185	(221,738)
Finance costs	14,750	269,376	353,168	11,655	153,575
Total Application of Operating Funding	34,384	324,376	408,168	136,840	(68,163)
Surplus (Deficit) of Operating Funding	815,609	30,167	(6)	597,581	612,270
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	-	-	-	-	-
Capital expenditure - to replace existing assets	-	-	-	-	-
Increase (Decrease) in Reserves	815,609	30,167	(6)	597,581	612,270
Total application of capital funding	815,609	30,167	(6)	597,581	612,270
Surplus (Deficit) of Capital Funding	(815,609)	(30,167)	6	(597,581)	(612,270)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	3,333,352	3,723,153	4,964,188	4,010,520	4,444,469

This report has been adjusted for Internal Charges.

Interest income from investments is well advanced against annual budget due to the amount of cash being available for investment being well in excess of budget. This is mainly due to the capital underspend for the year to date. Also impacting returns are the additional longer term investments that have been raised this year at a higher return than is available using



Property

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(273,651)	(269,638)	(261,069)	(417,490)	(409,233)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(86,195)	(92,853)	(101,924)	(86,744)	(95,688)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(359,846)	(362,491)	(362,993)	(504,234)	(504,921)
Application of Operating Funding					
Payments to staff and suppliers	277,936	234,296	268,361	172,160	244,953
Finance costs	-	128,414	140,078	53	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	277,936	362,710	408,439	172,213	244,953
Surplus (Deficit) of Operating Funding	81,910	(219)	(45,446)	332,021	259,967
Source of Capital Funding					
Subsidies and grants for capital expenditure	(390,000)	(916,674)	(1,000,000)	-	(500,000)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(390,000)	(916,674)	(1,000,000)	-	(500,000)
Total Sources of capital funding	(390,000)	(916,674)	(1,000,000)	-	(500,000)
Application of Capital Funding					
Capital expenditure - to improve the level of service	1,819,733	930,413	1,015,000	423,039	484,551
Capital expenditure - to replace existing assets	155,670	95,826	103,000	109,946	141,883
Increase (Decrease) in Reserves	(1,503,492)	(109,784)	(163,446)	(200,964)	133,534
Total Application of Capital Funding	471,910	916,455	954,554	332,021	759,967
Total application of capital funding	471,910	916,455	954,554	332,021	759,967
Surplus (Deficit) of Capital Funding	(81,910)	219	45,446	(332,021)	(259,967)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	399,311	454,491	495,808	399,311	435,612

This report has been adjusted for Internal Charges recoveries.

Included in the Pensioner Housing Unit budgets are capital projects for the exterior repainting of both the Lambert and Hillneath Flats. The accepted, cheapest combined quote for completing the work at both sets of flats was \$20,517 greater than the combined \$36,000 budgeted.



Support Services

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,912,574)	(2,869,864)	(2,778,662)	(3,060,637)	(3,000,105)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(4,067)	(13,849)	(15,100)	(2,117)	(2,560)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(2,916,641)	(2,883,713)	(2,793,762)	(3,062,754)	(3,002,665)
Application of Operating Funding					
Payments to staff and suppliers	3,076,674	3,485,581	3,802,439	3,069,770	3,478,853
Finance costs	66,079	53,053	57,875	46,151	111,221
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	3,142,752	3,538,634	3,860,314	3,115,921	3,590,075
Surplus (Deficit) of Operating Funding	(226,111)	(654,921)	(1,066,552)	(53,167)	(587,409)
Sources of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Sources of capital funding	-	-	-	-	-
Application of Capital Funding					
Capital expenditure - to improve the level of service	53,431	20,163	39,000	126,151	184,171
Capital expenditure - to replace existing assets	55,218	67,900	138,800	14,337	14,515
Increase (Decrease) in Reserves	(334,761)	(742,984)	(1,244,352)	(193,655)	(786,095)
Total Application of Capital Funding	(226,111)	(654,921)	(1,066,552)	(53,167)	(587,409)
Total application of capital funding	(226,111)	(654,921)	(1,066,552)	(53,167)	(587,409)
Surplus (Deficit) of Capital Funding	226,111	654,921	1,066,552	53,167	587,409
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	137,962	129,217	140,967	137,962	150,504

This statement has been restated to include budgeted and actual rates applicable to the Unit's charges (including the prior year) that are cost recovered to other Units as Overhead Charges.

FINANCIAL RISKS

The following Operational Financial Risks have been assessed as the end of the Period:

Area	Risk	Amount	Type	Description	Risk Level	Impact Showing In
CEO	Forestry Slash Clean-up	\$41,000	Cost	Funds expended on clean-up of HBRC controlled beaches	Crystallised	Non Subsidised Rooding Capital
Subsidised Rooding	NZTA Funding	\$720,000	Income Under-Recovery	NZTA non-approved work expected in the Annual Plan	Crystallised	Transport FIS and Com Income Report
Rooding	Loss on Disposal of Assets	\$1,500,000	Cost	Losses on Disposals of Renewed assets is not Budgeted or Funded. Value based on Prior Year impact. Recovered every 3rd year on revaluation	Low	Comprehensive Income Statement (Not Included)
Water Treatment	Opoutama & Mahia Waste Water Scheme	\$250,000	Cost	Scheme assessed as an Operational Cost by Auditors. Budgeted as Capital in LTP. Value is as per costs to date for this year	Medium	Sewerage
Water Treatment	Waihi Dam Silt	TBA	Cost	Additional Flocculent Purchased to mitigate the additional silt discharged into the Wairoa water supply. Net effect TBC, expected recovery from Dam Operator	Low	Water Treatment
Community Centre	HBRC Pool Grant	\$500,000	Income Under-Recovery	Grant Funding was received in 2014/15, budget was brought forward as at time of LTP development funds had not been received	Crystallised	Community Support & Comprehensive Income
Community Centre	Lotteries Commission Grant	\$100,000	Income Under-Recovery	Grant received was \$110k less than budgeted. It is expected that \$10k will be received over the balance of this financial Year	Crystallised	Community Support & Comprehensive Income

The following Capital Risks have been assessed as the end of the Period:

Area	Risk	Amount	Type	Description	Risk Level	Finance Impact
Corporate	Loan Advances	\$550,000	Use of Cash Reserves	Expectation that No loan funds are advanced to meet new increased service capital projects. Funds to be taken from Cash Reserves	Low	Financial Position
Subsidised Rooding	NZTA Funded Activity	\$(720,000)	Capital Work Savings	Budgets expected work on road SP38 in the order of \$0.74M for this financial year, 100% funded by NZTA. NZTA have only approved \$18,000 of this plan	Crystallised	Transport FIS & Comprehensive Income
Water Treatment	Opoutama & Mahia Waste Water Scheme	\$(250,000)	Capital Work Savings	Scheme assessed as an Operational Cost by Auditors. Budgeted as Capital in LTP. Value is as per costs to date for this year	Crystallised	Sewerage FIS & Comprehensive Income
Pensioner Housing	Repainting of Flats - Over Budget	\$20,517	Costs	Project Quotes well in excess of budget. Accepted quote is \$20517 over allocated budget. Project funded from reserves	Crystallised	Property FIS and Cpaital Projects
Tawhera Reservior	Build over Current Year Budget	\$1,000,000	Costs	Project is in advance of planned position. Construction is currently underway. Budgets were allocated in 2016/17, 2017/18 and will need to be brought forward. Estimated spend over the balance of this Financial Year	Medium	Water Reticulation FIS - Capital Projects

Assessment Key:

Crystallised	Event has Happened
Low	Expected Event is not expected to be significant or Material
Medium	Expected Event will impact on Council Operations, PR or Budget (+/- \$100k-\$1M)
High	Expected Event is Significant, Material (+/- \$1M) and/or has a negative non-financial impact on Council Operations

Assessing levels of risk is based on the following matrix. It is noted that this matrix is a work in progress and has not yet been approved for formal use by the Finance Audit and Risk Committee, or Council.

Value	Change in Service Levels			Impact
	None or Small	Some	Large	
>\$100,000	Low	Low	Medium	Less than 25% of People
\$100,000 - \$1M	Medium	Medium	High	Between 25% - 75% of People
<\$1M	High	High	High	More than 75% of People
PR	No Interest	Some - e.g. Letter to Paper	High Public Interest - Council in Bad light in Media etc.	



FINANCIAL ACCOUNTS

Whole of Council Funding Impact Statement

	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Annual Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
General Rates uniform annual charges rates penalties	(11,678,745)	(11,507,490)	(11,507,490)	(11,386,673)	(11,161,472)
Subsidies and grants for operating purposes	(3,274,390)	(4,728,097)	(5,157,918)	(1,870,420)	(3,423,725)
Fees charges and targeted rates for water supply	(2,866,159)	(2,018,007)	(2,202,904)	(5,140,309)	(5,511,394)
Interest and Dividends from Investments	(981,692)	(823,706)	(884,944)	(1,440,311)	(1,216,512)
Local authorities fuel tax fines infringement fees and other receipts	(51,638)	(48,750)	(65,000)	(58,935)	(77,283)
Total Source of Operating Funding	(18,852,625)	(19,126,050)	(19,818,256)	(19,896,648)	(21,390,385)
Application of Operating Funding					
Payments to staff and suppliers	15,992,003	15,954,498	17,400,061	17,792,590	22,096,926
Finance costs	352,766	950,991	1,096,712	337,236	581,073
Internal Charges and Overheads applied	-	(119,336)	(148,915)	-	(101,641)
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	16,344,769	16,786,153	18,347,858	18,129,827	22,576,359
Surplus (Deficit) of Operating Funding	2,507,856	2,339,897	1,470,398	1,766,821	(1,185,974)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(4,279,479)	(5,250,674)	(5,728,000)	(4,213,414)	(6,407,577)
(Increase) decrease in debt	(31,339)	-	(550,000)	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(4,310,818)	(5,250,674)	(6,278,000)	(4,213,414)	(6,407,577)
Total Sources of capital funding	(4,310,818)	(5,250,674)	(6,278,000)	(4,213,414)	(6,407,577)
Application of Capital Funding					
Capital expenditure - to improve the level of service	3,462,353	3,021,924	3,307,016	2,560,440	6,022,086
Capital expenditure - to replace existing assets	4,597,029	6,858,690	7,295,514	4,262,275	1,830,488
Increase / (Decrease) in Reserves	(1,240,708)	(2,290,043)	(2,854,132)	(842,480)	(2,630,970)
Total Application of Capital Funding	6,818,674	7,590,571	7,748,398	5,980,235	5,221,604
Total application of capital funding	6,818,674	7,590,571	7,748,398	5,980,235	5,221,604
Surplus (Deficit) of Capital Funding	(2,507,856)	(2,339,897)	(1,470,398)	(1,766,821)	1,185,973
Funding Balance (General Rates)	-	-	-	-	-
Depreciation					
Depreciation and Amortisation	4,074,097	4,550,517	4,964,188	4,074,097	4,444,469

No depreciation charges were journalled in the financial statements on a monthly basis in the prior year, the figure entered here is an even split allocation of depreciation for the prior year to date.



	Actual 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	Actual 2014/15 (YTD)	Actual 2014/15 (Full Year)
FIS Reconciliation to Statement of Comprehensive Income					
Surplus / (Deficit) from Operations	2,507,856	2,339,897	1,470,398	1,766,821	(1,185,974)
Less Depreciation Charged *	(4,074,097)	(4,550,517)	(4,964,188)	-	(4,444,469)
Add Capital Subsidies	4,279,479	5,250,674	5,728,000	4,213,414	6,407,577
Reconciling Surplus/(Deficit)	2,713,239	3,040,054	2,234,210	5,980,235	777,135
Surplus / (Deficit) per Statement of Comprehensive Income	2,713,006	3,040,055	2,234,210	5,980,235	777,135

* Note Depreciation was not charged during the year in 2014/15 on a monthly basis as monthly reporting was not undertaken. The 2014/15 YTD depreciation values elsewhere in the accounts are an allocation of annual depreciation entered to the accounts as part of the annual report process

Whole of Council Activity Statement

	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget	ACTUAL 2014/15 (to date)
Net Operating Cost of Service						
Net Expenditure/(Revenue)						
Water Services	3,263,384	2,555,758	707,626	2,812,695	(450,689)	(12,299)
Waste Management	533,266	540,931	(7,665)	590,122	56,856	(190,721)
Transport	4,199,905	3,723,647	476,258	4,004,382	(195,523)	8,477
Community Facilities	1,195,101	1,408,544	(213,443)	1,559,553	364,452	(402,351)
Planning and Regulatory	323,247	805,672	(482,425)	878,869	555,622	(884,542)
Leadership and Governance	862,766	879,993	(17,227)	957,556	94,790	(1,074,269)
Investments	(1,001,016)	(548,073)	(452,943)	(542,568)	458,448	(788,161)
Property	591,052	763,055	(172,004)	825,851	234,799	(35,498)
Support Services	3,276,647	3,588,583	(311,937)	3,914,820	638,173	2,905,606
Net Operating (Surplus) / Deficit	13,244,350	13,718,110	(473,760)	15,001,280	1,756,930	(473,760)
Rates						
General and Targeted Rates Charged	(11,678,745)	(11,507,490)	(171,255)	(11,507,490)	171,255	(171,255)
Capital Subsidies						
Water Reticulation System	(270,000)	(91,663)	(178,337)	(99,996)	170,004	(178,337)
Water Treatment Plant	0	0	0	0	0	0
Sewerage	(1,055,000)	0	(1,055,000)	0	1,055,000	(1,055,000)
Roading Subsidised	(2,564,479)	(4,242,337)	1,677,858	(4,628,004)	(2,063,525)	1,677,858
Community Centre	(390,000)	(916,674)	526,674	(1,000,000)	(610,000)	526,674
Total Net Cost of Service	(2,713,874)	(3,040,054)	326,180	(2,234,210)	479,664	326,180

Support Services budgets are allocated to the Core Services as internal overhead charges in the annual budgets. For the purposes of this report, budgets have been restated to remove Support Services costs from within Activity Areas, and moved to the Support Services report line. This ensures that actual and budget costs are comparable.



Statement of Comprehensive Income and Expenditure

	Council 2015/2016 Actual (YTD)	Council 2015/2016 Operational Plan (YTD)	Council 2015/2016 Full Year Forecast	Council 2015/2016 Operational Plan (Full Year)	Council 2014/15 Actual (YTD)	Council 2014/15 Actual (Full Year)
Income						
Rates	(11,678,745)	(11,507,490)	(11,678,745)	(11,507,490)	(11,386,673)	(11,161,472)
Subsidies	(3,274,390)	(4,728,097)	(3,704,211)	(5,157,918)	(1,870,420)	(3,423,725)
Capital Subsidy	(4,279,479)	(5,250,674)	(4,516,805)	(5,728,000)	(4,213,414)	(6,407,577)
Petrol Tax	(51,638)	(48,750)	(67,888)	(65,000)	(58,935)	(77,283)
Fees and Charges	(1,891,623)	(1,548,041)	(1,508,225)	(1,688,788)	(4,700,672)	(4,985,712)
Investment Income	(991,464)	(837,260)	(1,055,364)	(901,160)	(1,456,549)	(1,234,419)
Reserves	0	0	0	0	0	0
Other Income	0	0	0	0	0	0
Total Income	(22,167,340)	(23,920,312)	(22,531,239)	(25,048,356)	(23,686,663)	(27,290,187)
Expenditure						
Water Services	3,443,508	3,407,091	3,805,733	3,741,423	5,873,500	8,244,032
Waste Management	847,087	861,768	925,441	940,122	635,313	1,108,734
Transport	8,047,838	8,456,870	8,206,828	9,167,898	5,085,429	11,367,938
Community Facilities	1,343,344	1,502,802	1,502,984	1,662,379	1,132,063	1,827,224
Planning and Regulatory	901,850	1,309,549	1,020,856	1,428,555	872,088	1,415,565
Leadership and Governance	878,362	894,689	957,279	973,606	683,061	1,986,709
Investments	34,384	324,365	118,179	408,160	136,840	(68,163)
Property	677,247	855,908	749,114	927,775	172,213	628,454
Support Services	3,280,714	3,267,215	3,577,727	3,564,228	3,115,921	2,560
Total Expenditure	19,454,334	20,880,257	20,864,141	22,814,146	17,706,428	26,513,053
(Surplus) / Deficit	(2,713,006)	(3,040,055)	(1,667,098)	(2,234,210)	(5,980,235)	(777,135)

For the purposes of this report budgets have been restated to remove Support Services costs from within Activity Areas. This ensures that actual and budget costs are comparable. Support Services budgets are allocated to the Core Services as internal overhead charges as part of the annual reporting function.

The FY forecast is calculated using the year to date actual plus the budget phased into the balance of the year. Known significant adjustments have been included in calculation where appropriate, and include:

1. The NZTA capital subsidy permanent under-recovery of 0.72M
2. The pool permanent capital subsidy permanent under-recovery of 0.6M

Excluded from the forecasts is:

1. Potential NZTA Capital and Operational Subsidies from the catch-up project work expected over the balance of this financial year
2. Provision for write off of assets on renewed roads, pipes and other water assets



Financial Position

	Council 2015/2016 Actual as at 31 May 2016	Council 2015/2016 Budgeted as at 31 May 2016	Council 2015/2016 Forecasted 30 June 2016	Council 2015/2016 Annual Plan as at 30 June 2016	Council 2014/15 Actual as at 31 May 2015	Council 2014/15 Actual as at 30 June 2015
Assets						
Current Assets						
Non Interest Bearing Cash & Equivalents	130,287	140,775	160,287	140,775	49,556	104,098
Inventories	3,921	38,291	3,921	38,291	3,921	40,082
Trade and Other Receivables	4,320,031	5,882,009	4,422,890	5,984,868	2,744,569	6,847,635
Financial Assets at Fair Value	8,606,691	5,999,877	7,779,528	5,172,714	11,074,181	10,149,794
Total Current Assets	13,060,929	12,060,952	12,366,625	11,336,648	13,872,227	17,141,610
Non Current Assets						
Property Plant and Equipment	241,040,253	236,523,324	240,636,571	236,119,642	243,735,041	245,765,924
Work in Progress	8,059,150	9,880,614	8,781,066	10,602,530	6,822,715	0
Loans and Other Receivables	60,247	0	30,247	0	90,247	90,247
Investment Property	277,000	277,000	277,000	277,000	277,000	277,000
Biological Assets	150,380	69,946	150,380	69,946	150,380	150,380
Investments in Subsidiary	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Available for Sale Financial Assets	22,992	22,992	22,992	22,992	22,992	22,992
Intangible Assets	144,971	143,277	144,971	143,277	106,132	156,733
Term Financial Assets at Fair Value	10,863,928	8,147,946	10,863,928	8,147,946	9,095,999	7,621,424
Total Non Current Assets	261,868,921	256,315,099	262,157,155	256,633,333	261,550,506	255,334,700
Total Assets	274,929,850	268,376,051	274,523,780	267,969,981	275,422,733	272,476,310
Liabilities						
Current Liabilities						
Trust Funds and Deposits	(276,338)	0	(276,338)	0	(253,475)	(248,372)
Trade Payables	(2,607,028)	(3,978,137)	(2,451,237)	(3,822,346)	(200,954)	(2,740,235)
Employee Benefit Liabilities	(350,953)	0	(350,953)	0	(319,319)	(482,140)
Contract Retentions	(700,045)	0	(700,045)	0	(814,087)	(765,351)
Accrued Interest	0	0	0	0	0	0
Current Portion Term Borrowings	(10,123)	0	(10,123)	0	0	0
Taxation	0	0	0	0	0	0
Total Current Liabilities	(3,944,487)	(3,978,137)	(3,788,696)	(3,822,346)	(1,587,835)	(4,236,097)
Non Current Liabilities						
Trade Payables	0	0	0	0	0	0
Employee Benefit Liabilities	(121,063)	(147,883)	(121,063)	(147,883)	(131,549)	(121,063)
Borrowings	(5,031,339)	(5,000,000)	(5,581,339)	(5,550,000)	(5,000,000)	(5,000,000)
Landfill Aftercare	(478,126)	(859,562)	(478,126)	(859,562)	(859,225)	(478,126)
Total Non Current Liabilities	(5,630,528)	(6,007,445)	(6,180,528)	(6,557,445)	(5,990,774)	(5,599,189)
Total Liabilities	(9,575,015)	(9,985,582)	(9,969,224)	(10,379,791)	(7,578,609)	(9,835,286)
Net Assets	265,354,835	258,390,469	264,554,556	257,590,190	267,844,124	262,641,024
Equity						
Retained earnings						
Restricted Reserves	(137,091,404)	(110,305,565)	(137,159,475)	(110,373,636)	(137,177,699)	(138,382,541)
Unrestricted Reserves	0	0	0	0	0	2,068,271
Current Year (Surplus)/Deficit	(2,713,812)	(3,040,255)	(1,907,986)	(2,234,429)	(5,980,235)	(777,135)
Total Retained earnings	(139,805,216)	(113,345,820)	(139,067,461)	(112,608,065)	(143,157,934)	(137,091,404)
Other Reserves						
Revaluation Reserves	(102,371,188)	(124,590,386)	(102,371,188)	(124,590,386)	(103,576,030)	(102,371,188)
Sinking Fund	0	0	0	0	0	0
Special Funds	(23,178,431)	(20,454,263)	(23,115,907)	(20,391,739)	(21,110,160)	(23,178,431)
Total Other Reserves	(125,549,620)	(145,044,649)	(125,487,096)	(144,982,125)	(124,686,190)	(125,549,620)
Total Equity	(265,354,835)	(258,390,469)	(264,554,556)	(257,590,190)	(267,844,124)	(262,641,024)

Excluded from the forecasted position is:

1. Advised potential additional Capital Work in Progress spending of up to \$1M on the new Tawhara Reservoir.



Cashflow

	Actual to Date 2015/16	Full Year Budget 2015/16	Remaining Budget 2015/16
OPERATING ACTIVITIES			
Cash was provided from:			
Rates received	11,678,745	13,077,245	1,398,500
Other Revenue	12,735,356	12,079,897	- 655,459
	<u>24,414,101</u>	<u>25,157,142</u>	<u>743,041</u>
Cash was applied to:			
Payments to Suppliers & Employees	15,080,026	20,555,817	5,475,791
Taxation		-	-
Interest Paid	274,816	473,078	198,262
	<u>15,354,842</u>	<u>21,028,895</u>	<u>5,674,053</u>
Net Cash Flow from Operations	<u>9,059,259</u>	<u>4,128,247</u>	<u>(4,931,012)</u>
INVESTING ACTIVITIES			
Cash was provided from:			
Decrease in Loans & Other Receivables			
Sale of Property, Plant & Equipment		70,000	70,000
Sale of Financial Assets	-	1,400,000	1,400,000
	<u>-</u>	<u>1,470,000</u>	<u>1,470,000</u>
Cash was applied to:			
Increase in loans & advances			
Purchase of Intangibles			
Purchase of Financial Assets	1,669,401	-	- 1,669,401
Purchase of Property, Plant & Equipment	7,395,813	10,600,149	3,204,336
	<u>9,065,214</u>	<u>10,600,149</u>	<u>1,534,935</u>
Net Cash Flows from Investing Activities	<u>(9,065,214)</u>	<u>(9,130,149)</u>	<u>(64,935)</u>
FINANCING ACTIVITIES			
Cash was provided from:			
Loans Raised	-	550,000	550,000
	<u>-</u>	<u>550,000</u>	<u>550,000</u>
Cash was applied to:			
Borrowings Repaid	-	2,334,615	-
	<u>-</u>	<u>2,334,615</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>-</u>	<u>(1,784,615)</u>	<u>550,000</u>
Net Increase/(Decrease)	<u>(5,955)</u>	<u>(6,786,517)</u>	<u>(4,445,947)</u>
Plus opening cash & cash equivalents	104,098	6,927,292	6,823,194
Cash & cash equivalents at end of year	<u>98,142</u>	<u>140,775</u>	<u>2,377,248</u>
Made up of:			
Cash	130,287	140,775	10,488
Short Term Deposits			
Bank Overdraft	-	-	-
	<u>130,287</u>	<u>140,775</u>	<u>10,488</u>



**RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOW
FROM OPERATING ACTIVITIES:
For the period ended May 2016**

	Actual to Date 2015/16
Surplus / Deficit	2,713,006
Add / (less) non cash items:	
Depreciation and amortisation	4,074,097
Impairment	
Gains on Investments held at fair value	
Add / (less) items classified as investing or financing activities:	
(Gains) / Losses on disposal of property, plant and equipment	
Add / (less) movements in working capital items:	
(Inc) / Dec Accounts receivable	2,527,605
(Inc) / Dec Prepayments	-
(Inc) / Dec Inventories	36,162
Inc / (Dec) Accounts payable	(291,608)
Inc / (Dec) Income in Advance	-
Inc / (Dec) Accrued Expenses	-
Inc / (Dec) Employee benefits	(2)
Net cash inflow / (outflow) from operating activities	<u><u>9,059,259</u></u>



Capital Program

Year to date capital expenditure by Cost Centre is:

Capital Projects	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget
Library	38,368	50,413	(12,045)	55,000	16,632
Water Reticulation	1,545,592	348,336	1,197,256	370,003	(1,175,589)
Water Treatment	222,341	392,000	(169,659)	392,000	169,659
Stormwater	59,031	400,000	(340,969)	450,000	390,969
Sewerage	332,145	704,163	(372,018)	774,996	442,851
Waste Management	18,725	65,000	(46,275)	95,000	76,275
Wairoa Airport	10,659	65,000	(54,341)	65,000	54,341
Roading Subsidised	2,825,669	5,791,685	(2,966,016)	6,075,016	3,249,347
Roading Non Subsidised	196,589	348,000	(151,411)	348,000	151,411
Infrastructural Business Unit	18,288	48,750	(30,462)	55,000	36,712
Parking	0	60,715	(60,715)	60,715	60,715
Parks and Reserves	473,702	190,000	283,702	265,000	(208,702)
Community Centre	1,917,260	948,739	968,521	1,035,000	(882,260)
Visitors Information Centre	1,250	0	1,250	0	(1,250)
Pensioner Housing	45,309	46,750	(1,441)	51,000	5,691
Cemeteries	41,279	85,000	(43,721)	85,000	43,721
Environmental Health	20,123	25,000	(4,877)	25,000	4,877
Building Inspection	72,538	60,000	12,538	60,000	(12,538)
ByLaw Control	43,227	61,000	(17,773)	61,000	17,773
Civil Defence	56,904	85,000	(28,096)	85,000	28,096
Rural Fire	957	0	957	0	(957)
Council	7,231	0	7,231	0	(7,231)
Property Corporate	3,312	0	3,312	0	(3,312)
Information Centre Building	0	17,000	(17,000)	17,000	17,000
Chief Executive Officer	1,692	0	1,692	0	(1,692)
Administration Services	38,480	25,000	13,480	55,000	16,520
Information Services	67,330	63,063	4,267	87,800	20,470
Engineering Services	1,147	0	1,147	35,000	33,853
Subtotal of this Years Costs	8,059,150	9,880,614	(1,821,464)	10,602,530	2,543,380
Prior Years Work in progress	(611,562)	0	(611,562)	0	611,562
Planned Capital Spending	7,447,588	9,880,614	(2,433,026)	10,602,530	3,154,942
Capital Subsidies					
Water Reticulation System	(270,000)	(91,663)	(178,337)	(99,996)	170,004
Water Treatment Plant	0	0	0	0	0
Sewerage	(1,055,000)	0	(1,055,000)	0	1,055,000
Roading Subsidised	(2,564,479)	(4,242,337)	1,677,858	(4,628,004)	(2,063,525)
Community Centre	(390,000)	(916,674)	526,674	(1,000,000)	(610,000)
Net Planned Capital Spending	1,533,704	3,597,842	(2,064,138)	4,874,530	(7,261,704)

	ACTUAL 2015/16 (to date)	2015/16 Operational Plan (YTD)	2015/16 Variance (YTD)	ANNUAL BUDGET 2015/16	Remaining Budget
Additions	3,349,301	3,021,924	327,377	3,337,016	(12,285)
Renewal	4,709,849	6,858,690	(2,148,841)	7,265,514	2,555,665
Total Gross Spend this Year	8,059,150	9,880,614	(1,821,464)	10,602,530	2,543,380

The Community Centre Overspend is the funding brought forward for capital projects from 2014/15, however this adjustment to the budgets for the year cannot be reflected in the Annual Plan. Finance is investigating the options available to reflect these changes in future reports.



Net Operating Cost of Service by Service Activity

	ACTUAL 2015/16 (YTD)	Operating Budget 2015/16 (YTD)	Operating Budget 2015/16 (Full Year)	ACTUAL 2014/15 (YTD)	ACTUAL 2014/15 (Full Year)
Net Operating Cost of Service					
Water Services					
Income	(620,744)	(1,307,735)	(1,426,620)	(3,446,242)	(3,582,141)
Operating Cost	3,848,588	3,760,036	4,121,571	6,273,604	8,721,826
Maintenance Cost	35,539	21,375	28,200	23,295	29,981
Capital Costs	0	82,082	89,544	0	0
Total Water Services	3,263,384	2,555,758	2,812,695	2,850,657	5,169,666
Waste Management					
Income	(313,821)	(320,837)	(350,000)	(265,150)	(359,009)
Operating Cost	847,087	852,484	930,000	635,313	1,108,734
Capital Costs	0	9,284	10,122	0	0
Total Waste Management	533,266	540,931	590,122	370,163	749,725
Transport					
Income	(3,847,933)	(4,733,223)	(5,163,516)	(2,408,204)	(4,191,497)
Operating Cost	2,970,144	3,441,454	3,758,213	1,042,847	6,668,407
Maintenance Cost	5,077,694	5,013,887	5,408,017	4,042,582	4,699,531
Capital Costs	0	1,529	1,668	0	0
Total Transport	4,199,905	3,723,647	4,004,382	2,677,225	7,176,441
Community Facilities					
Income	(148,180)	(94,259)	(102,826)	(165,729)	(121,668)
Operating Cost	1,037,108	1,154,694	1,272,041	835,148	1,463,392
Maintenance Cost	306,172	316,924	356,322	296,915	363,832
Capital Costs	0	31,185	34,016	0	0
Total Community Facilities	1,195,101	1,408,544	1,559,553	966,334	1,705,556
Planning and Regulatory					
Income	(577,798)	(503,877)	(549,686)	(633,704)	(569,298)
Operating Cost	851,967	1,285,789	1,402,635	754,210	1,279,649
Maintenance Cost	9,559	12,155	13,260	6,590	6,590
Job Costing	39,519	0	0	111,288	129,326
Capital Costs	0	11,605	12,660	0	0
Total Planning and Regulatory	323,247	805,672	878,869	238,384	846,267
Leadership and Governance					
Income	(15,596)	(14,696)	(16,050)	(2,306)	(12,724)
Operating Cost	877,991	879,140	957,106	682,788	1,986,436
Maintenance Cost	370	5,000	5,000	273	273
Capital Costs	0	10,549	11,500	0	0
Total Leadership and Governance	862,766	879,993	957,556	680,756	1,973,985
Investments					
Income	(1,035,400)	(872,445)	(950,736)	(1,499,779)	(1,294,328)
Operating Cost	34,384	324,372	408,168	136,840	(68,163)
Total Investments	(1,001,016)	(548,073)	(542,568)	(1,362,939)	(1,362,491)
Property					
Income	(86,195)	(250,945)	(274,390)	(86,744)	(246,858)
Operating Cost	583,743	860,620	936,291	97,999	692,114
Maintenance Cost	93,503	102,604	108,565	74,214	87,510
Capital Costs	0	50,776	55,385	0	0
Total Property	591,052	763,055	825,851	85,469	532,766
Support Services					
Income	(4,067)	(79,268)	(86,461)	(2,117)	(3,740,578)
Operating Cost	3,280,714	3,657,786	3,990,306	3,115,921	3,740,578
Capital Costs	0	10,065	10,975	0	0
Total Support Services	3,276,647	3,588,583	3,914,820	3,113,804	(0)
Total Net Operating Cost of Service	13,244,350	13,718,110	15,001,280	9,619,852	16,791,914

For the purposes of this report budgets have been restated to remove Support Services costs from within Activity Areas. This ensures that actual and budget income and costs are comparable.

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Confidential Minutes of Previous Meeting
2. Audit Management Report 2015 Progress Tracker
3. Finance Report April 2016 – Other Debtors
4. Finance Report May 2016 – Other Debtors
5. Sealed roads procurement independent review

The general subject of each matter to be considered while the public is excluded; the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) to the passing of this resolution
Confidential Minutes of Previous Meeting	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:</p> <p>Section 7 (2)</p> <p>(a) protect the privacy of natural persons, including that of deceased natural persons;</p> <p>(b) protect information where the making available of the information – (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;</p> <p>(c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—</p> <p>(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>

	<p>be supplied; or</p> <p>(ii) would be likely otherwise to damage the public interest; or</p> <p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	
Audit Management Report 2015 Progress Tracker	<p>Section 7 (2)</p> <p>(a) protect the privacy of natural persons, including that of deceased natural persons;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>
Finance Report April 2016 – Other Debtors	<p>Section 7 (2)</p> <p>(a) protect the privacy of natural persons, including that of deceased natural persons;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>
Finance Report May 2016 – Other Debtors	<p>Section 7 (2)</p> <p>(a) protect the privacy of natural persons, including that of deceased natural persons;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>
Sealed roads procurement independent review	<p>Section 7 (2)</p> <p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</p>	<p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>