

# SOUTH WAIRARAPA DISTRICT COUNCIL

28 JUNE 2017

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## AGENDA ITEM D3

### CHIEF EXECUTIVE OFFICER REPORT

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#### **Purpose of Report**

To report to Council on general activities.

#### **Recommendations**

Officers recommend that the Council:

1. *Receive the Chief Executive Officer Report.*
2. *Receive the Financial Statements for the period ended 30 April 2017.*
3. *Receive the Financial Statements for the period ended 31 May 2017 and the Financial Report for that period.*

#### **1. Executive Summary**

The Annual Plan nears completion and I think the process went well again this year. A lot of work collating the document, thanks to Kyra and Jennie for their effort and Suzanne for the submissions processing. The proposed rates increase of 4.92% is in line with the LTP forecast.

Wairarapa DHB hosted an Intersectional Workshop, bringing together agencies across the Wairarapa with a view to identifying areas of common ground, and whether there are better ways of service delivery in these areas.

Hearings for the Wellington Regional Council Natural Resources Plan have commenced. This is a significant body of work and will take quite some time to finalise. Unfortunately, as the document is notified we have to "have regard to" the conditions in the draft plan, regardless of whether they are later removed or modified. This will impact our Featherston Wastewater consent application, and any other consent applications. This approach unfortunately adds cost and uncertainty.

The Local Government Commission have completed their hearings and are in deliberation mode. The decision timeframe was earlier advised as between July and November..... wait and see now!

## 2. Governance/Leadership/Advocacy

The following table provides the year to date results for KPI's set for the Governance output.

GOVERNANCE, LEADERSHIP AND ADVOCACY MEASURING SERVICE DELIVERY PERFORMANCE					
SERVICE LEVEL	KEY PERFORMANCE INDICATORS		2016/17	2016/17	COMMENTS
			TARGET	ACTUAL	
Opportunities are provided for the community to have its views heard	Ratepayers and residents feel they can contact a Council member to raise an issue or problem		75%	79%	The National Research Bureau (NRB) Customer Satisfaction survey was carried out late 2016. In addition to the 79% (2014:73% 2011 75%) positive response, 13% (2014; 16% 2011 14%) felt they were unable to comment.
	Ratepayers and residents feel that the Mayor and councillors give a fair hearing to their views		72%	63%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 63% (2014; 62% 2011 55%) positive response, 23% (2014:21% 2011 28%) felt they were unable to comment.
Council determines what activities it should engage in through consultation and regulatory requirements then sets clear direction	Ratepayers and residents are satisfied with Council's decisions and actions		80%	70%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 70% (2014; 76% 2011 73%) positive response, 14% (2014; 8% 2011 9%) felt they were unable to comment.
	Ratepayers and residents are satisfied with how Council allocates rates/funds to be spent on the services and facilities provided (target peer group age)		79%	65%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 65% (2014; 64% 2011 59%) positive response, 14% (2014; 14% 2011 9%) felt they were unable to comment.
Community Boards make decisions that consider local issues	Community Board decision - making reports on local issues		90%	Greytown 98% Featherston 97% Martinborough 97%	This measure reports on the percentage of resolutions made that relate solely to local issues. (year ended 30 June 2016)
	% of ratepayers and residents who know how to contact a community board member		68%	69%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 69% (2014; 64% 2011 59%) positive response, 0% (2014; 14% 2011 9%) felt they were unable to comment.
Opportunities are available to raise local issues and understand what will happen as a result	Ratepayers and residents satisfied with the way Council involves the public in the decision it makes		70%	47%	The NRB Customer Satisfaction survey was carried out late 2016. In addition to the 47% (2014; 49% 2011 50%) positive response, 31% (2014; 26% 2011 25%) indicated they were neither satisfied nor dissatisfied, and 5% (2014; 5% 2011 5%) felt they were unable to comment.
Opportunities are available to raise issues relating to Maori through the Maori Standing Committee	The Maori Standing Committee makes recommendations to Council in relation to policy and plan development and resource management applications		100% applicable applications	100%	Maori Standing Committee met on 6 occasions. In total 5 resource consent applications were considered, however due to the timing of the meetings 1 was considered outside normal meetings.(Year ended 30 June 2016)

## 2.1 Local Government Commission

The Local Government Commission released their draft proposal on 15 March. Submissions closed on 3 May.

Date	What is happening
15 March (TBC)	Draft proposal released and submissions called for
Weekends in April	Public information stands at various locations in the Wairarapa
3 May	Submissions close
Tuesday 23 May	Hearings commence in Martinborough – with SWDC at 9am
May onwards	Commissioners consider submissions and decide whether to release a final proposal
July - November	Commissioners aim to release final proposal (if sufficient community support), or a final decision
Nov 2017 – April 2018	If final proposal issued, poll will be held sometime during this period
Early 2018	If poll endorses final proposal, transition Board formed
Oct 18 – Oct 19	Election of new council

## 3. Strategic Planning and Policy Development

### 3.1 Meetings/Conferences

#### 3.1.1. Chief Executive Forum

One CE forum was held. Matters covered were NZTA Update, in particular forward planning for the interim congestion that will occur during certain stages of Transmission Gully, Civil Defence, Regional Trails, and Local Government Excellence program.

#### 3.1.2. Mayoral Forum

No Mayoral forum was held.

#### 3.1.3. Community Boards

A further round of Community Board meetings were held.

#### 3.1.4. Rural & Provincial

The session was held 15 and 16 June. The meetings start with Mayor only/Chief Executive only sessions.

Topics covered in the CE only session included an update on the recent changes to the RMA legislation; a couple of presentations on Alliances for shared services; Risk based asset management, and where the regulatory system for the building sector is heading. All these presentations were quite topical for us and useful insight gained.

The main meeting LGNZ Update; Havelock North Drinking Water enquiry; Council – Maori arrangements; Walking Access Commission; and Tourism Infrastructure Fund. Hon Jacqui Dean spoke on local government portfolio priorities, and changes to the dog control act, both in a very general sense.

Police Commissioner Mike Bush presented on the resourcing of NZ Police and in particular a focus on rural and provincial NZ. Wendy McGuinness and

John Carter presented on "Poverty Demarcation Zones" ; Rob Beaglehole (NZ Dentist Assn spokesperson) passed around half a dozen teeth he had recently removed from the three year old, the direct result of too much sugar. Rob also discussed local authorities ability to influence sugary intake identifying some councils policies of not allowing sugary drinks at council offices and venues.

Finally, Hon Roger Sowry briefed the session on the Civil Defence and Emergency Management review.

All in all an interesting and useful meeting.

## **4. Corporate**

### **4.1 Financial Statement**

The Financial Statements and Financial Report for the ten months ended 30 April, and eleven months ended 31 May 2017 are attached as Appendix 1 and 2 respectively.

### **4.2 Occupational Health and Safety**

We continue to make good progress on health and safety matters. No matters were reported during the period. A tabled update will be provided.

### **4.3 Waihinga Centre/Martinborough Town Hall**

The project continues as planned, completion as previously advised will be somewhere around May next year.

The financial report will be tabled.

### **4.4 Claims – Coastal Recognition Orders**

We have been notified of approximately 16 claims under the Marine and Coastal Area (Takutai Moana) Act 2011.

In each of the claims the respondents are South Wairarapa District Council; Wellington Regional Council; and The Solicitor General on behalf of the Attorney General.

The orders sought are for protected customary rights and customary marine title over certain areas.

There has been a flurry of activity in regard to this matter as all claims had to be lodged by the end of April.

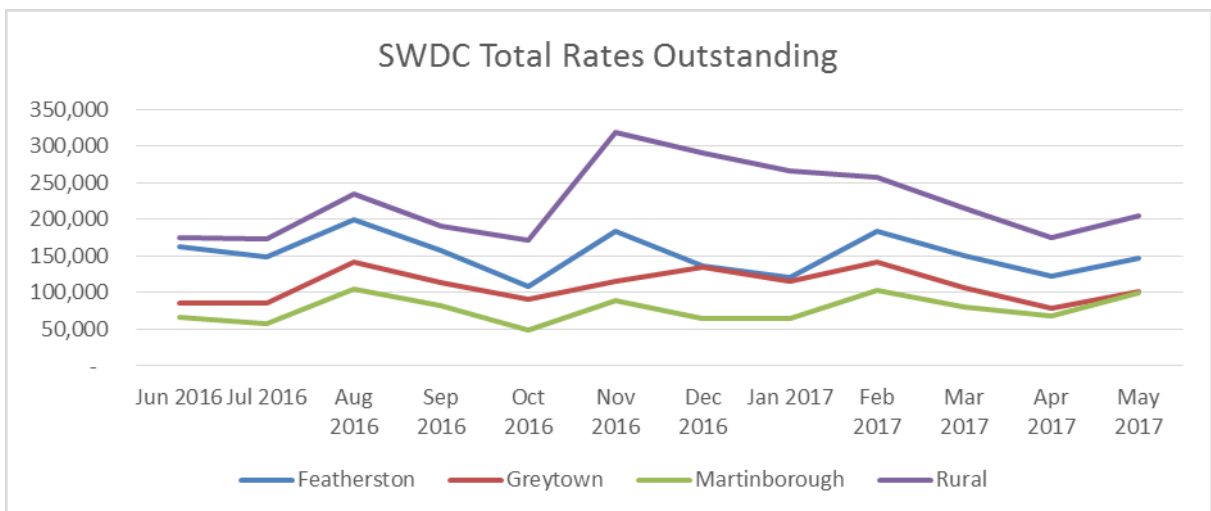
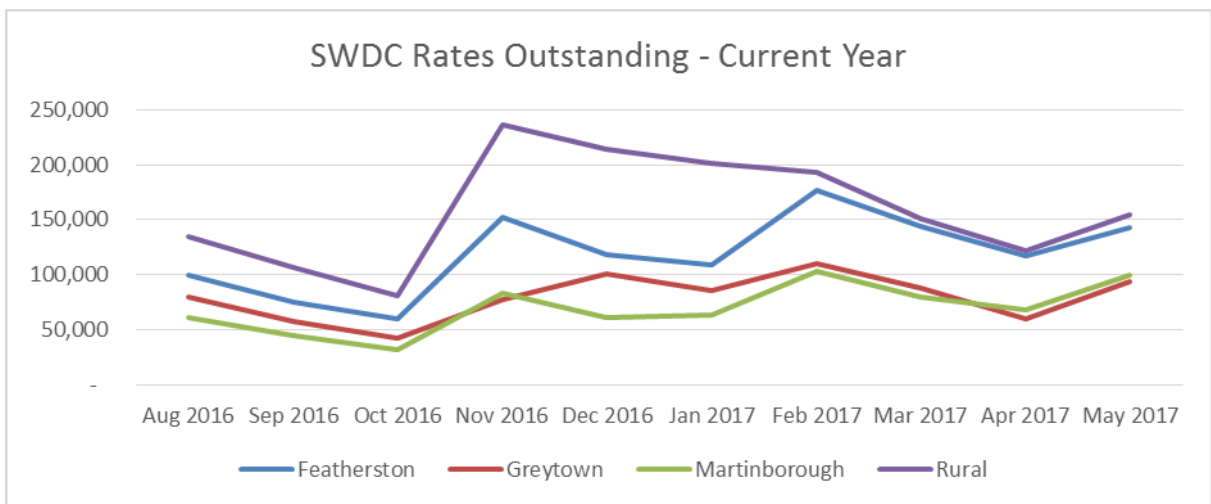
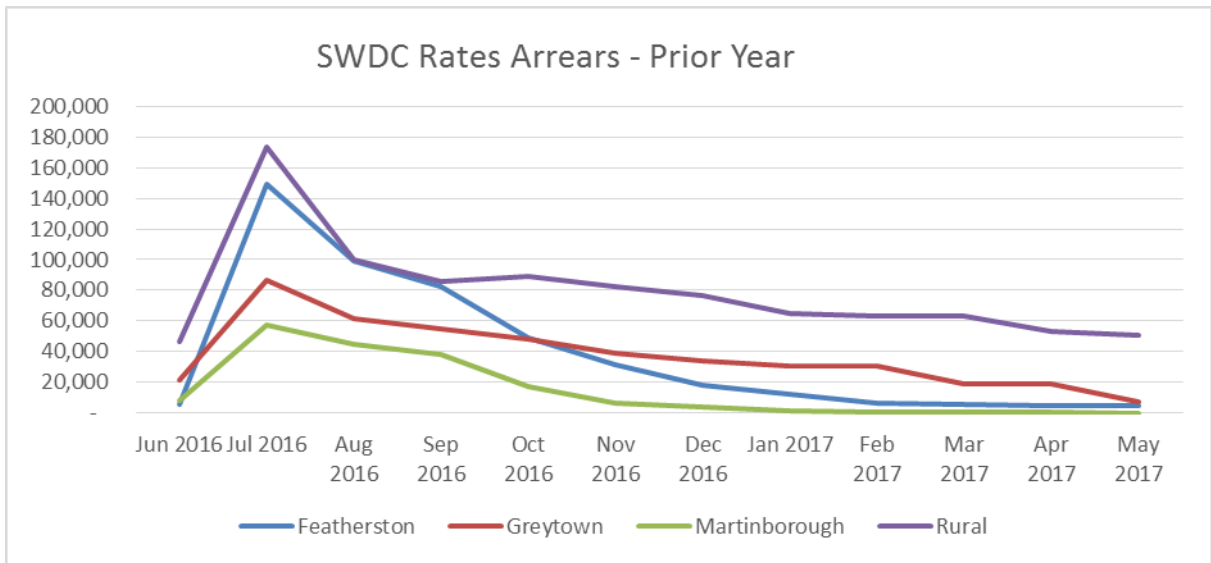
Simpson Grierson are handling this initial phase on our behalf.

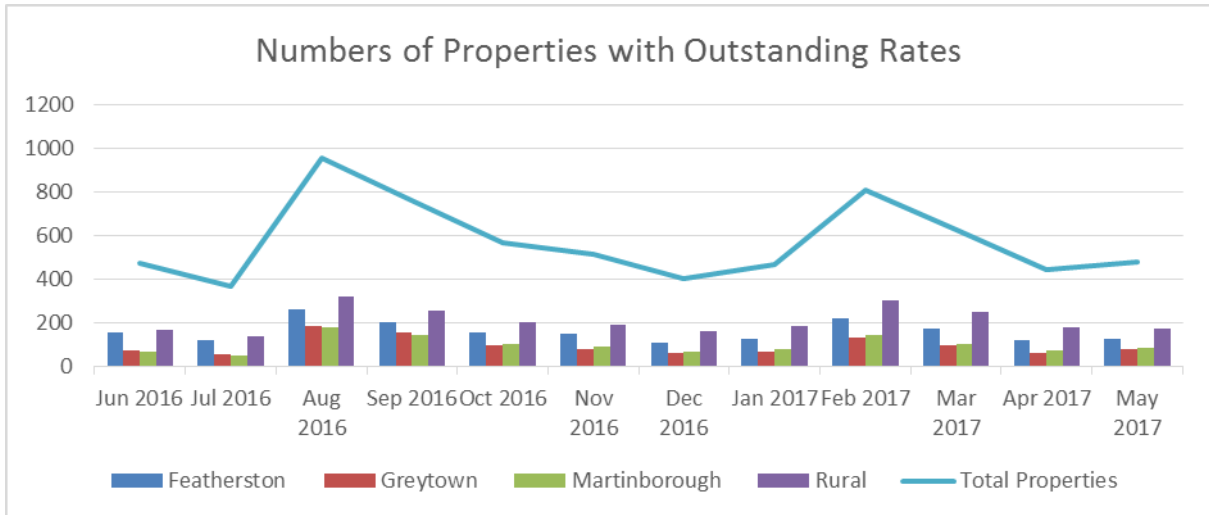
The legislation does not specify a process for consideration of these claims, the High Court will be deciding on procedural matters.

There may be some impact on SWDC in relation to various coastal consents we hold, Roding and the like.

#### 4.5 Rates Arrears (Incl. GST)

As discussed at the previous meeting, rates debt will now be shown in graphical form, from which it is easier to ascertain trends.





#### 4.6 LGOIMA Requests

DATE	TOPIC OF INFORMATION REQUEST	RESPONSE
4 May 2017	Property file.	Can supply on payment of Admin fee.
5 May 2017	Noise complaints registered in 2016 by street.	Information provided.
5 May 2017	Background as to information required and provided to QV to determine rates.	Information provided.

We continue to charge for those requests that require more than 1 hour and 20 pages of material. This charging regime is standard and used by central Government.

## 5. Appendices

Appendix 1 – Financial Statements for the period ended 30 April 2017

Appendix 2 – Financial Statements and Financial Report for the period ended 31 May 2017

Contact Officer: Paul Crimp, Chief Executive Officer

**Appendix 1 – Financial  
Statements for the period  
ended 30 April 2017**

# **SOUTH WAIRARAPA DISTRICT COUNCIL**

## **MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2017**

STATEMENT OF FINANCIAL PERFORMANCE  
STATEMENT OF FINANCIAL POSITION  
STATEMENT OF CASHFLOWS  
SCHEDULE OF CAPITAL EXPENDITURE  
SCHEDULE OF INVESTMENTS



# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 APRIL 2017

2016		YTD			2017	
LYTD Actual		Actual	Budget	Variance	Budget	% of Budget
<b><u>OPERATING INCOME</u></b>						
12,250,886	Rates	12,680,460	12,687,167	(6,707)	12,656,876	100%
148,485	Rates Penalty	119,276	125,818	(6,542)	143,000	83%
200,824	Interest	179,796	114,510	65,286	245,866	73%
31,442	Internal Interest Loans	17,390	17,409	(19)	20,880	83%
731,233	Fees & Licences	981,526	750,635	230,891	878,000	112%
566,028	User Levies	674,325	462,045	212,280	659,851	102%
50,067	Commissions	59,144	49,121	10,023	66,604	89%
801,380	NZ Transport Agency Subsidy	1,031,900	872,243	159,657	1,224,192	84%
69,493	Petrol Tax	75,256	80,761	(5,505)	80,000	94%
9,451	Grants, Donations & Subsidies	12,040	14,071	(2,031)	14,526	83%
432,044	Rental / Hire	423,598	443,060	(19,462)	502,332	84%
1,922	Profit on Sale of Assets	1,000	-	1,000	-	0%
244,542	Miscellaneous Income	279,550	257,226	22,324	331,811	84%
15,537,797	<b>Total Operating Income</b>	16,535,262	15,874,066	661,196	16,823,937	
<b><u>OPERATING EXPENDITURE</u></b>						
1,370,525	Corporate Services	1,464,149	1,622,222	158,073	1,766,817	83%
684,148	In-House Professional Services	700,597	700,736	139	771,023	91%
331,274	Governance, Leadership & Advocacy	417,803	342,283	(75,520)	432,036	97%
1,154,733	Public Protection	1,164,574	1,110,540	(54,034)	1,339,608	87%
282,730	Resource Management	350,357	322,843	(27,514)	419,788	83%
247,237	Economic, Cultural & Community Development	256,349	270,559	14,210	322,955	79%
1,981,473	Amenities	1,947,956	1,955,439	7,483	2,285,086	85%
4,248,836	Land Transport	4,288,652	3,893,865	(394,787)	4,831,146	89%
1,690,073	Water Supply	1,818,721	1,830,705	11,984	2,179,455	83%
1,037,269	Solid Waste Management	1,062,796	988,108	(74,688)	1,273,590	83%
1,236,268	Sewerage	1,274,087	1,369,319	95,232	1,774,833	72%
127,228	Stormwater Drainage	125,186	138,960	13,774	162,207	77%
17,597	Rate Debtors Written Off	18,515	37,816	19,301	40,000	46%
-	Bad Debts	-	-	-	-	0%
-	Loss on Sale of Assets	83,178	-	(83,178)	-	0%
14,409,390	<b>Total Operating Expenditure</b>	14,972,921	14,583,395	(389,526)	17,598,546	
1,128,407	<b>Operating Surplus/(Deficit)</b>	1,562,341	1,290,671	271,670	(774,609)	
<b><u>CAPITAL EXPENDITURE INCOME</u></b>						
1,109,959	NZ Transport Agency Subsidy	669,502	565,916	103,586	902,189	0%
-	Grants, Donations & Subsidies	839,104	420,000	419,104	420,000	0%
391,621	Contributions	889,181	226,370	662,811	332,311	268%
1,501,580	<b>Total Capital Expenditure Income</b>	2,397,787	1,212,286	1,185,502	1,654,500	
<b><u>OTHER INCOME</u></b>						
-	Gain on Share Revaluations	3,775	-	3,775	-	0%
-	Assets Vesting in Council	-	-	-	-	0%
-	Gain on Asset Revaluations	-	-	-	38,421	0%
-	<b>Total Other Income</b>	3,775	-	3,775	38,421	
\$ 2,629,987	<b>TOTAL SURPLUS / (DEFICIT)</b>	\$ 3,963,903	\$ 2,502,957	\$ 1,460,946	\$ 918,312	

Included in the operating expenditure is:

3,349,940	Depreciation	3,622,710	3,490,706	132,004	4,189,213	86%
680,753	Interest	644,480	746,040	(101,560)	862,092	75%

# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2017

	30 APRIL 2017	30 JUNE 2016	MOVEMENT
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Bank	380,341	424,998	(44,657)
Short Term Deposits	11,728,164	5,228,061	6,500,103
Investments	-	1,610,317	(1,610,317)
Prepayments & Receivables	4,851,122	1,930,974	2,920,147
Inventories	29,167	12,202	16,966
Properties Intended For Sale	-	2,874,000	(2,874,000)
<b>Total Current Assets</b>	<b>16,988,794</b>	<b>12,080,552</b>	<b>4,908,242</b>
<b><u>Non-Current Assets</u></b>			
Investments	312,689	212,914	99,775
Investment Properties	7,003,781	6,998,000	5,781
Intangible Assets	334,563	175,070	159,493
Properties Intended For Sale	2,223,000	-	2,223,000
Property, Plant & Equipment	382,008,008	381,993,468	14,540
<b>Total Non-Current Assets</b>	<b>391,882,041</b>	<b>389,379,452</b>	<b>2,502,589</b>
<b>TOTAL ASSETS</b>	<b>\$ 408,870,835</b>	<b>\$ 401,460,003</b>	<b>7,410,831</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Cash and Bank	-	-	-
Payables and Accruals	2,982,364	3,591,091	(608,727)
Employee Entitlements	275,285	317,317	(42,032)
Public Debt - Current Portion	-	1,000,427	(1,000,427)
Finance Leases - Current Portion	-	-	-
Provisions - Current Portion	-	33,486	(33,486)
<b>Total Current Liabilities</b>	<b>3,257,649</b>	<b>4,942,321</b>	<b>(1,684,672)</b>
<b><u>Non-Current Liabilities</u></b>			
Public Debt - Non-Current Portion	17,500,000	12,401,887	5,098,113
Finance Leases - Non-Current Portion	-	-	-
Provisions - Non-Current Portion	440,033	406,546	33,486
<b>Total Non-Current Liabilities</b>	<b>17,940,033</b>	<b>12,808,433</b>	<b>5,131,600</b>
<b><u>EQUITY</u></b>			
Public Equity	150,672,489	146,736,957	3,935,532
Special Separate & Trust Funds	17,902,497	17,652,497	250,000
Asset Revaluation Reserve	219,095,276	219,316,904	(221,628)
Sinking Fund Reserves	-	-	-
Other Reserves	2,891	2,891	-
<b>Total Equity</b>	<b>387,673,152</b>	<b>383,709,249</b>	<b>3,963,903</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 408,870,835</b>	<b>\$ 401,460,003</b>	<b>7,410,831</b>

# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF CASHFLOWS AS AT 30 APRIL 2017

	30 APRIL 2017	30 April 2016	30 JUNE 2016
<b><u>OPERATING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Rates	10,388,720	9,977,549	15,655,638
Government Grants & Subsidies	2,899,610	2,068,125	2,606,098
Petrol Tax	65,615	60,902	81,976
Other Income	3,331,830	2,709,777	3,243,153
Interest on Investments	175,274	206,676	236,659
<b>Total Operating Cash Inflow</b>	<b>16,861,049</b>	<b>15,023,030</b>	<b>21,823,524</b>
<b><u>Cash was applied to:</u></b>			
Payments to Suppliers & Employees	12,208,518	11,606,399	15,470,229
Interest Paid	570,611	680,096	795,282
<b>Total Operating Cash Outflow</b>	<b>12,779,129</b>	<b>12,286,495</b>	<b>16,265,511</b>
<b>Net Cashflow from Operating Activities</b>	<b>4,081,920</b>	<b>2,736,534</b>	<b>5,558,014</b>
<b><u>INVESTING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Sale of Property, Plant & Equipment	807,360	-	(2,837)
Term Investments, Shares & Advances	1,610,317	457,904	1,591,845
Investments in Loan Redemption & Sinking Funds	-	-	-
<b>Total Investing Cash Inflow</b>	<b>2,417,677</b>	<b>457,904</b>	<b>1,589,008</b>
<b><u>Cash was applied to:</u></b>			
Purchase of Property, Plant & Equipment	4,141,836	2,991,720	4,942,441
Term Investments, Shares & Advances	-	-	2,864,264
Investments in Loan Redemption & Sinking Funds	-	-	-
<b>Total Investing Cash Outflow</b>	<b>4,141,836</b>	<b>2,991,720</b>	<b>7,806,705</b>
<b>Net Cashflow from Investing Activities</b>	<b>(1,724,160)</b>	<b>(2,533,817)</b>	<b>(6,217,697)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Public Debt	10,000,000	-	7,500,000
<b>Total Financing Cash Inflow</b>	<b>10,000,000</b>	<b>-</b>	<b>7,500,000</b>
<b><u>Cash was applied to:</u></b>			
Repayment of Public Debt	5,902,313	207,043	8,815,519
<b>Total Financing Cash Outflow</b>	<b>5,902,313</b>	<b>207,043</b>	<b>8,815,519</b>
<b>Net Cash Flow from Financing Activities</b>	<b>4,097,687</b>	<b>(207,043)</b>	<b>(1,315,519)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>6,455,447</b>	<b>(4,325)</b>	<b>(1,975,201)</b>
<b>OPENING CASH BALANCE</b>	<b>1 JULY 2016</b>	<b>7,628,255</b>	<b>7,628,255</b>
<b>CLOSING CASH BALANCE</b>	<b>30 APRIL 2017</b>	<b>\$ 7,623,930</b>	<b>\$ 5,653,059</b>
<b><u>REPRESENTED BY:</u></b>			
Cash and Cash equivalents	380,342	191,845	424,998
Short Term Deposits	11,728,164	7,432,086	5,228,061
Investments	-	-	-
<b>\$ 12,108,506</b>	<b>\$ 7,623,930</b>	<b>\$ 5,653,059</b>	

# SOUTH WAIRARAPA DISTRICT COUNCIL

## SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 30 APRIL 2017

<u>DESCRIPTION</u>	Year to Date		Annual	Budget	Total	Full	Carry
	Actual	Budget	Budget	Forward from Prev Years	Budget Available	Year Forecast	Forward to 2017-18
<b>Baseline CAPEX:</b>							
Amenities	484,381	712,262	864,109	-	864,109	578,552	545,249
Water Supply	993,728	1,149,860	1,379,840	551,430	1,931,270	1,425,360	506,430
Solid Waste Management	947	14,170	17,000	-	17,000	947	16,000
Stormwater Reticulation	-	43,580	52,300	-	52,300	15,000	37,300
Wastewater	604,273	1,243,440	1,492,123	575,053	2,067,176	1,160,053	907,181
Land Transport	1,229,431	1,481,900	1,778,304	-	1,778,304	1,778,032	-
Information Technology	44,069	78,880	94,648	-	94,648	94,648	-
Council Property	21,216	105,530	126,632	-	126,632	126,632	-
Waihinga Centre	553,797	3,162,500	3,795,000	780,172	4,575,172 *	975,000	3,600,172
	<u>\$ 3,931,842</u>	<u>\$ 7,992,122</u>	<u>\$ 9,599,956</u>	<u>\$ 1,906,655</u>	<u>\$ 11,506,611</u>	<u>\$ 6,154,224</u>	<u>\$ 5,612,332</u>

\* Full budget approved at January 2017 Council meeting \$5.132 million for core project \$362K is year to date Waihinga Centre spend, Project to date spend is \$899K

# SOUTH WAIRARAPA DISTRICT COUNCIL

## SCHEDULE OF INVESTMENTS AS AT 30 APRIL 2017

<u>ORGANISATION</u>		<u>INTEREST RATE</u>	<u>DATE INVESTED</u>	<u>DATE MATURES</u>	<u>TOTAL INVESTED</u>	<u>INVESTED FUNDS %</u>	<u>AUTHORISED FUNDS %</u>
<b>SHORT TERM DEPOSITS</b>							
<b>Registered Banks</b>							
ASB LOAN REDEMP RES	99182811	1.25%	30-Apr-17	On Call	150,095.03		
ASB Term Deposit	99182811	3.17%	20-Apr-17	19-Jul-17	1,500,000.00		
					<b>1,650,095.03</b>	<b>14%</b>	<b>30%</b>
ANZ CALL ACCOUNT	99182813	0.70%	30-Apr-17	On Call	1,928.41		
ANZ Term Deposit	99182813	3.10%	17-Feb-17	18-May-17	920,000.00		
ANZ Term Deposit	99182813	3.10%	21-Feb-17	22-May-17	1,000,000.00		
					<b>1,921,928.41</b>	<b>16%</b>	<b>30%</b>
BNZ AUTOCALL (-025)	99182812	3.00%	30-Apr-17	On Call	76.80		
BNZ - Reserves Fund	99182812	3.41%	27-Feb-17	27-Jun-17	827,244.74		
BNZ - Reserves Fund	99182812	3.41%	27-Feb-17	27-Jun-17	1,151,323.62		
BNZ Term Deposit	99182812	3.23%	21-Feb-17	22-May-17	510,000.00		
BNZ Term Deposit	99182812	3.23%	21-Feb-17	22-May-17	1,250,000.00		
					<b>3,738,645.16</b>	<b>32%</b>	<b>30%</b>
KIWIBANK - Term Deposit	99182819	1.75%	30-Apr-17	On call	50,441.08		
KIWIBANK - Term Deposit	99182819	3.00%	3-Apr-17	19-Jun-17	1,000,000.00		
KIWIBANK - Term Deposit	99182819	1.82%	26-Apr-17	26-May-17	500,000.00		
					<b>1,550,441.08</b>	<b>13%</b>	<b>30%</b>
WBS (21220)	99182816	3.55%	30-Nov-16	29-May-17	172,210.90		
WBS (21220)	99182816	3.70%	10-Mar-17	5-Dec-17	138,757.23		
WBS (21220)	99182816	3.70%	25-Feb-17	22-Nov-17	179,087.84		
WBS (21220)	99182816	0.50%	30-Apr-17	On Call	372.79		
					<b>490,428.76</b>	<b>4%</b>	<b>10%</b>
WESTPAC TRUST ONLINE CALL	99182814	0.25%	30-Apr-17	On Call	505,663.53		
WESTPAC - Reserves Fund	99182814	3.08%	21-Mar-17	23-Jun-17	1,870,961.87		
					<b>2,376,625.40</b>	<b>20%</b>	<b>30%</b>
					-		
<b>TOTAL</b>					<b>11,728,163.84</b>	<b>100%</b>	<b>100%</b>
<b>INVESTMENTS</b>							
NZLGFDG472C5					28,800.00		
NZLGFDG472C3					91,200.00		
LGFA Borrower Bonds					64,000.00		
LGFA Borrower Bonds					32,000.00		
					<b>216,000.00</b>		
<b>SHARES</b>							
NZ Local Govt Insurance Co Limited	99283823				82,512.90		
Airtel Limited	99283824				7,791.00		
Farmlands Trading Society Limited	99283825				1,159.00		
					<b>91,462.90</b>		
<b>FORESTRY</b>							
Plantation - Hurupi Stock	99283827				5,226.00		
					<b>5,226.00</b>		
<b>TOTAL INVESTMENTS</b>					<b>12,040,852.74</b>		
<b>REPRESENTED BY:</b>							
Short Term Deposits					11,728,163.84		
Investments - Current Assets					-		
Investments - Non-Current Assets					312,688.90		
					<b>12,040,852.74</b>		

**Appendix 2 – Financial  
Statements and Financial  
Report for the period ended  
31 May 2017**

# **SOUTH WAIRARAPA DISTRICT COUNCIL**

## **MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2017**

STATEMENT OF FINANCIAL PERFORMANCE  
STATEMENT OF FINANCIAL POSITION  
STATEMENT OF CASHFLOWS  
SCHEDULE OF CAPITAL EXPENDITURE  
SCHEDULE OF INVESTMENTS

# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MAY 2017

2016		YTD			2017	
LYTD Actual		Actual	Budget	Variance	Budget	% of Budget
<b><u>OPERATING INCOME</u></b>						
12,236,074	Rates	12,678,601	12,671,828	6,773	12,656,876	100%
175,948	Rates Penalty	143,575	85,437	58,138	143,000	100%
218,656	Interest	214,074	125,925	88,149	245,866	87%
34,628	Internal Interest Loans	19,164	19,173	(9)	20,880	92%
785,404	Fees & Licences	1,056,883	811,694	245,189	878,000	120%
613,702	User Levies	665,978	502,056	163,922	659,851	101%
60,988	Commissions	65,391	59,964	5,427	66,604	98%
955,474	NZ Transport Agency Subsidy	1,145,337	1,040,559	104,778	1,224,192	94%
76,736	Petrol Tax	83,114	89,179	(6,065)	80,000	104%
9,457	Grants, Donations & Subsidies	12,040	14,078	(2,038)	14,526	83%
462,084	Rental / Hire	464,366	474,536	(10,170)	502,332	92%
1,922	Profit on Sale of Assets	1,000		1,000		0%
262,905	Miscellaneous Income	298,441	276,155	22,286	331,811	90%
15,893,978	<b>Total Operating Income</b>	16,847,963	16,170,584	677,379	16,823,937	
<b><u>OPERATING EXPENDITURE</u></b>						
1,493,680	Corporate Services	1,610,358	1,766,817	156,459	1,766,817	91%
754,163	In-House Professional Services	783,616	771,023	(12,593)	771,023	102%
402,096	Governance, Leadership & Advocacy	467,323	384,255	(83,068)	432,036	108%
1,246,568	Public Protection	1,277,739	1,201,827	(75,912)	1,339,608	95%
316,823	Resource Management	388,969	346,506	(42,463)	419,788	93%
247,878	Economic, Cultural & Community Development	267,685	271,602	3,917	322,955	83%
2,086,375	Amenities	2,128,351	2,115,771	(12,580)	2,285,086	93%
4,667,188	Land Transport	4,694,943	4,310,516	(384,427)	4,831,146	97%
1,926,729	Water Supply	1,969,489	2,011,598	42,109	2,179,455	90%
1,154,425	Solid Waste Management	1,167,309	1,118,592	(48,717)	1,273,590	92%
1,321,948	Wastewater	1,397,127	1,499,273	102,146	1,774,833	79%
137,590	Stormwater Drainage	134,869	150,425	15,556	162,207	83%
18,613	Rate Debtors Written Off	18,515	40,000	21,485	40,000	46%
	Loss on Sale of Assets	83,178		(83,178)		0%
15,774,075	<b>Total Operating Expenditure</b>	16,389,472	15,988,205	(401,267)	17,598,546	
119,902	<b>Operating Surplus/(Deficit)</b>	458,491	182,379	276,112	(774,609)	
<b><u>CAPITAL EXPENDITURE INCOME</u></b>						
1,324,692	NZ Transport Agency Subsidy	743,100	675,119	67,980	902,189	0%
488,784	Grants, Donations & Subsidies	839,104	420,000	419,104	420,000	0%
	Contributions	984,783	267,250	717,533	332,311	296%
1,813,476	<b>Total Capital Expenditure Income</b>	2,566,987	1,362,369	1,204,618	1,654,500	
<b><u>OTHER INCOME</u></b>						
50,100	Gain on Share Revaluations	3,775		3,775		0%
	Assets Vesting in Council					0%
	Gain on Asset Revaluations		3,204	(3,204)	38,421	0%
50,100	<b>Total Other Income</b>	3,775	3,204	571	38,421	
\$ 1,983,478	<b>TOTAL SURPLUS / (DEFICIT)</b>	\$ 3,029,253	\$ 1,547,952	\$ 1,481,301	\$ 918,312	

Included in the operating expenditure is:

3,689,296	Depreciation	3,983,862	3,845,905	137,957	4,189,213	95%
745,861	Interest	691,894	817,640	(125,746)	862,092	80%



# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017

	31 MAY 2017	30 JUNE 2016	MOVEMENT
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Bank	53,260	424,998	(371,738)
Short Term Deposits	14,439,672	5,228,061	9,211,611
Investments		1,610,317	(1,610,317)
Prepayments & Receivables	1,306,691	1,930,974	(624,283)
Inventories	26,100	12,202	13,898
Properties Intended For Sale		2,874,000	(2,874,000)
<b>Total Current Assets</b>	<b>15,825,722</b>	<b>12,080,552</b>	<b>3,745,171</b>
<b><u>Non-Current Assets</u></b>			
Investments	312,689	212,914	99,775
Investment Properties	7,003,781	6,998,000	5,781
Intangible Assets	332,787	175,070	157,717
Properties Intended For Sale	2,223,000		2,223,000
Property, Plant & Equipment	382,081,214	381,993,468	87,746
<b>Total Non-Current Assets</b>	<b>391,953,472</b>	<b>389,379,452</b>	<b>2,574,020</b>
<b>TOTAL ASSETS</b>	<b>\$ 407,779,194</b>	<b>\$ 401,460,003</b>	<b>6,319,190</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Payables and Accruals	2,798,212	3,591,091	(792,879)
Employee Entitlements	302,446	317,317	(14,870)
Public Debt - Current Portion		1,000,427	(1,000,427)
Provisions - Current Portion		33,486	(33,486)
<b>Total Current Liabilities</b>	<b>3,100,658</b>	<b>4,942,321</b>	<b>(1,841,663)</b>
<b><u>Non-Current Liabilities</u></b>			
Public Debt - Non-Current Portion	17,500,000	12,401,887	5,098,113
Provisions - Non-Current Portion	440,033	406,546	33,486
<b>Total Non-Current Liabilities</b>	<b>17,940,033</b>	<b>12,808,433</b>	<b>5,131,600</b>
<b><u>EQUITY</u></b>			
Public Equity	149,987,839	146,736,957	3,250,882
Special Separate & Trust Funds	17,652,497	17,652,497	-
Asset Revaluation Reserve	219,095,276	219,316,904	(221,628)
Other Reserves	2,891	2,891	
<b>Total Equity</b>	<b>386,738,502</b>	<b>383,709,249</b>	<b>3,029,252</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 407,779,194</b>	<b>\$ 401,460,003</b>	<b>6,319,190</b>

# SOUTH WAIRARAPA DISTRICT COUNCIL

## STATEMENT OF CASHFLOWS AS AT 31 MAY 2017

	31 MAY 2017	31 May 2016	30 JUNE 2016
<b><u>OPERATING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Rates	13,516,875	13,148,492	15,655,638
Government Grants & Subsidies	3,138,373	2,263,522	2,606,098
Petrol Tax	65,615	60,902	81,976
Other Income	3,686,801	3,019,463	3,243,153
Interest on Investments	209,813	239,133	236,659
<b>Total Operating Cash Inflow</b>	<b>20,617,477</b>	<b>18,731,512</b>	<b>21,823,524</b>
<b><u>Cash was applied to:</u></b>			
Payments to Suppliers & Employees	13,068,015	12,502,426	15,470,229
Interest Paid	650,531	743,148	795,282
<b>Total Operating Cash Outflow</b>	<b>13,718,546</b>	<b>13,245,574</b>	<b>16,265,511</b>
<b>Net Cashflow from Operating Activities</b>	<b>6,898,930</b>	<b>5,485,938</b>	<b>5,558,014</b>
<b><u>INVESTING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Sale of Property, Plant & Equipment	807,360		(2,837)
Term Investments, Shares & Advances	1,610,317	457,904	1,591,845
<b>Total Investing Cash Inflow</b>	<b>2,417,677</b>	<b>457,904</b>	<b>1,589,008</b>
<b><u>Cash was applied to:</u></b>			
Purchase of Property, Plant & Equipment	4,574,419	3,548,463	4,942,441
Term Investments, Shares & Advances			2,864,264
<b>Total Investing Cash Outflow</b>	<b>4,574,419</b>	<b>3,548,463</b>	<b>7,806,705</b>
<b>Net Cashflow from Investing Activities</b>	<b>(2,156,742)</b>	<b>(3,090,560)</b>	<b>(6,217,697)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
<b><u>Cash was provided from:</u></b>			
Public Debt	10,000,000		7,500,000
<b>Total Financing Cash Inflow</b>	<b>10,000,000</b>		<b>7,500,000</b>
<b><u>Cash was applied to:</u></b>			
Repayment of Public Debt	5,902,313	227,874	8,815,519
<b>Total Financing Cash Outflow</b>	<b>5,902,313</b>	<b>227,874</b>	<b>8,815,519</b>
<b>Net Cash Flow from Financing Activities</b>	<b>4,097,687</b>	<b>(227,874)</b>	<b>(1,315,519)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>8,839,875</b>	<b>2,167,506</b>	<b>(1,975,201)</b>
<b>OPENING CASH BALANCE</b>	<b>1 JULY 2016</b>	<b>7,628,255</b>	<b>7,628,255</b>
<b>CLOSING CASH BALANCE</b>	<b>31 MAY 2017</b>	<b>\$ 9,795,761</b>	<b>\$ 5,653,059</b>
<b><u>REPRESENTED BY:</u></b>			
Cash and Cash equivalents	53,260	641,612	424,998
Short Term Deposits	14,439,674	9,154,148	5,228,061
Investments			
	<b>\$ 14,492,934</b>	<b>\$ 9,795,761</b>	<b>\$ 5,653,059</b>

# SOUTH WAIRARAPA DISTRICT COUNCIL

## SCHEDULE OF CAPITAL EXPENDITURE FOR THE PERIOD ENDED 31 MAY 2017

<u>DESCRIPTION</u>	Year to Date		Annual	Budget	Total	Full	Carry
	Actual	Budget	Budget	Brought Forward from Prev Years	Budget Available	Year Forecast	Forward to 2017-18
<b>Baseline CAPEX:</b>							
Amenities	500,514	783,401	864,109	-	864,109	605,488	518,780
Water Supply	1,030,951	1,264,846	1,379,840	551,430	1,931,270	1,350,360	574,430
Solid Waste Management	947	15,587	17,000	-	17,000	947	16,000
Stormwater Reticulation	-	47,938	52,300	-	52,300	15,000	37,300
Wastewater	701,681	1,367,784	1,492,123	575,053	2,067,176	1,034,571	982,663
Land Transport	1,284,995	1,630,090	1,778,304	-	1,778,304	1,778,115	-
Information Technology	48,724	86,768	94,648	-	94,648	94,648	-
Council Property	28,785	116,083	126,632	-	126,632	74,247	-
Waihinga Centre	650,469	3,478,750	3,795,000	780,172	4,575,172 *	975,000	3,600,172
	<u>\$ 4,247,065</u>	<u>\$ 8,791,247</u>	<u>\$ 9,599,956</u>	<u>\$ 1,906,655</u>	<u>\$ 11,506,611</u>	<u>\$ 5,928,376</u>	<u>\$ 5,729,345</u>

\* Full budget approved at January 2017 Council meeting \$5.132 million for core project \$362K is year to date Waihinga Centre spend, Project to date spend is \$899K

# SOUTH WAIRARAPA DISTRICT COUNCIL

## SCHEDULE OF INVESTMENTS AS AT 31 MAY 2017

<u>ORGANISATION</u>	<u>INTEREST RATE</u>	<u>DATE INVESTED</u>	<u>DATE MATURES</u>	<u>TOTAL INVESTED</u>	<u>INVESTED FUNDS %</u>	<u>AUTHORISED FUNDS %</u>
<b>SHORT TERM DEPOSITS</b>						
<b>Registered Banks</b>						
ASB Term Deposit	3.17%	20-Apr-17	19-Jul-17	1,500,000.00		
ASB Term Deposit	3.25%	22-May-17	21-Aug-17	1,000,000.00		
ASB Term Deposit	3.63%	22-May-17	11-Nov-17	225,000.00		
				<b>2,725,000.00</b>	<b>19%</b>	<b>30%</b>
ANZ Call Account	0.70%	31-May-17	On Call	1,947.75		
ANZ Term Deposit	3.00%	19-May-17	3-Aug-17	500,000.00		
ANZ Term Deposit	3.15%	19-May-17	5-Sep-17	427,032.00		
ANZ Term Deposit	3.20%	22-May-17	19-Sep-17	1,007,643.84		
				<b>1,936,623.59</b>	<b>13%</b>	<b>30%</b>
BNZ Call Account	3.00%	31-May-17	On Call	684,560.85		
BNZ - Reserves Fund	3.41%	27-Feb-17	27-Jun-17	827,244.74		
BNZ - Reserves Fund	3.41%	27-Feb-17	27-Jun-17	1,151,323.62		
BNZ Term Deposit	3.31%	26-May-17	24-Aug-17	1,700,000.00		
				<b>4,363,129.21</b>	<b>30%</b>	<b>30%</b>
KIWIBANK - Term Deposit	1.75%	31-May-17	On call	50,684.85		
KIWIBANK - Term Deposit	3.00%	3-Apr-17	19-Jun-17	1,000,000.00		
KIWIBANK - Term Deposit	3.15%	22-May-17	21-Aug-17	1,000,000.00		
KIWIBANK - Term Deposit	3.25%	26-May-17	22-Nov-17	500,000.00		
				<b>2,550,684.85</b>	<b>18%</b>	<b>30%</b>
WBS - Term Deposit	3.70%	25-Feb-17	22-Nov-17	179,087.84		
WBS - Term Deposit	3.75%	29-May-17	25-Nov-17	175,054.58		
WBS - Term Deposit	3.70%	10-Mar-17	5-Dec-17	138,757.23		
WBS - Term Deposit	0.50%	31-May-17	On Call	372.79		
				<b>493,272.44</b>	<b>3%</b>	<b>10%</b>
WESTPAC - Online Call Account	0.25%	31-May-17	On Call	-		
WESTPAC - Term Deposit	3.09%	5-May-17	4-Jul-17	500,000.00		
WESTPAC - Term Deposit	3.08%	21-Mar-17	23-Jun-17	1,870,961.87		
				<b>2,370,961.87</b>	<b>16%</b>	<b>30%</b>
				-		
<b>TOTAL</b>				<b>14,439,671.96</b>	<b>100%</b>	<b>100%</b>
<b>INVESTMENTS</b>						
LGFA Borrower Bonds				28,800.00		
LGFA Borrower Bonds				91,200.00		
LGFA Borrower Bonds				64,000.00		
LGFA Borrower Bonds				32,000.00		
				<b>216,000.00</b>		
<b>SHARES</b>						
NZ Local Govt Insurance Co Limited				82,512.90		
Airtel Limited				7,791.00		
Farmlands Trading Society Limited				1,159.00		
				<b>91,462.90</b>		
<b>FORESTRY</b>						
Plantation - Hurupi Stock				5,226.00		
				<b>5,226.00</b>		
<b>TOTAL INVESTMENTS</b>				<b>14,752,360.86</b>		
<b>REPRESENTED BY:</b>						
Short Term Deposits				14,439,671.96		
Investments - Current Assets				-		
Investments - Non-Current Assets				312,688.90		
				<b>14,752,360.86</b>		

# South Wairarapa District Council

## For the eleven months ending 31 May 2017

### Financial Report

#### 1. SUMMARY & HIGHLIGHTS

##### 1.1 Purpose:

The purpose of this report is to provide Council with a commentary on:

- Year to date budget vs actual.
- Commentary on material variances.
- Full year risks (if any) for each significant activity.

##### 1.2 Highlights

- Year to date operating surplus \$458K vs. budget surplus \$182K.
- Total surplus amounts to \$3,029K vs. budget surplus \$1,548K.

The favourable variance includes \$400K donations towards the Waihinga Centre Project and Contributions over budget by \$718K, Adjusting for these two large variances, the results are still favourable to budget by \$363K

- Sound cash position, Working capital \$12,725K.
- Interest cost 5.46% of rates revenue, SWDC maximum 12%.
- Current Net debt \$17,500K, SWDC maximum (at 3.02% average borrowing rate). \$50,292K.
- Have phased budgets on last years actual spend, Some variances are due to actual spend patterns being different between years.

## **2. STATEMENT OF FINANCIAL PERFORMANCE**

### **2.1 Operating Income**

#### **2.1.1. Rates**

On budget.

#### **2.1.2. Rates Penalty**

68.5% Ahead of plan

#### **2.1.1. Interest**

70% Ahead of plan, Interest received earlier than last year, so due to budget phasing will be on budget for year end.

#### **2.1.2. Fees & Licences**

30.21% Ahead of plan, Building consents up the number of consents applied for has remained high, Resource consents income also up.

#### **2.1.3. User Levies**

32.65% Ahead of plan, LIMS applications up due to increased activity and a conservative budget, Water fee income up, Martinborough landfill fees up.

#### **2.1.4. Commissions**

On budget

#### **2.1.5. NZTA Subsidy**

10.07% Ahead of plan, Operating Income and Capital Income both over budget, full year program will be met so actual should align with budget at year end.

#### **2.1.6. Petrol Tax**

0% on plan, actual revenue not in our control.

#### **2.1.8. Rental / Hire**

2.14% Behind plan, due to lease properties income lower than budget.

#### **2.1.10. Miscellaneous Income**

8.07% Ahead of plan.

### **2.2 Operating Expenditure**

#### **2.2.1. Corporate Services**

8.86% Behind plan, No budgetary concerns.

#### **2.2.2. In-house Professional Services**

1.63% Ahead plan, No budgetary concerns

#### **2.2.3. Governance**

21.62% Ahead of plan, Election expenses over budget this is due to election expenses being spread and budgeted for every year, training also over due to new Councillors.

#### **2.2.4. Public Protection**

6.32% Ahead of plan, there are some variances in the outputs below that offset each other.

## **Public Protection & Health**

13.07% Behind plan.

## **Building and Construction**

6.10% Ahead of plan.

## **Animal Control**

12.23% Ahead of plan.

## **Emergency Management**

24.20% Ahead of plan, due to budget phasing will be on track for year end.

### ***2.2.5. Resource Management***

12.25% Ahead of plan

### ***2.2.6. Economic Cultural & Community Development***

## **Economic Development**

15.62% above plan due to budget phasing, No budgetary concerns.

## **Libraries**

9.90% Ahead of plan, Kotui sub ahead of budget for and Salaries and wages over budget.

## **Community Buildings**

39.26% Below plan.

## **Toilets**

18.30% Ahead of plan.

### ***2.2.8. Land Transport***

8.92% Ahead of plan due to timing will be on track at year end.

### ***2.2.9. Water Supply***

2.09% Ahead of plan.

### ***2.2.10. Solid Waste Management***

4.36% Ahead of plan

### ***2.2.11. Wastewater***

6.81% Behind budget

### ***2.2.12. Stormwater Drainage***

10.34% Behind plan.

## **Contributions**

268.49% Ahead of plan, a few big subdivisions have gone through.

Over budget \$718K, a few big subdivisions have gone through.

## **Grants and Subsidies**

99.79% Ahead of plan, Grants received for Waihinga Centre \$400K recognised as income now the project is under way, budget for this income was in previous year, budget water subsidy now received.

### **3. STATEMENT OF FINANCIAL POSITION**

#### **3.1 Working Capital**

Working capital (current assets less current liabilities) stands at \$12,725K (30 June 2016 \$7,138K).

#### **3.2 Prepayments and Receivables**

Prepayments and receivables sit at \$1,307K. Key components are Rates receivables \$665K, Water debtors \$109K, NZTA \$229K, General debtors \$152K, NZTA \$229K.

#### **3.3 Payables and Accruals**

Payables and accruals sit at \$2,798K. Key items are Rates in advance SWDC \$188K, Rates owing to GWRC \$905K, Audit fee accrual \$77K, Income in advance (Papawai grazing) \$134K, Footpath and other bonds \$511K and Contract retentions \$193K, City care \$256K, Earth care \$59K, Fulton Hogan \$241K, Accrued interest \$77K, The balance is normal monthly creditors.

#### **3.4 Public Debt Current Portion**

The comparative column shows a variance between the 30 June amount and that now reported. For the annual report we are required to split out the current and term portions of the public debt. For management reporting we report all public debt as one amount. (Non-current)

#### **3.5 Gross Public Debt**

Total public debt stands at \$17,500K.

30 June 2016 total public debt stood at \$13,402K.

Additional loans were drawn down from LGFA for Waihinga Centre earthquake strengthening, alternative disposal, toilets and water Capital expenditure.