



Corporate Services Manager's Financial Report – Quarter ended 31 December 2004

Statement of Finance Performance

The summarised table shows a deficit of \$315,000.

This does not highlight over-spending, merely that a number of timing differences have affected revenue and expenditure.

The accounts to follow show what variances exist in:

- (a) Summarised detail
- (b) In depth detail

Summary

Revenue

Overall Revenue is below budget by \$654,000 due to :

- Transfund Subsidy is below budget due to less subsidised roading activity up until December 2004 \$225,000
- Revenue from Activities is below budget by \$395,000 because of:

- Forestry (WDC) (timing difference)	Sales Gain on Growth Total Forestry	\$30,000 \$99,000 \$129,000
- Grant from Meridian (invoiced January 2005)		\$23,000
- Forestry (Morven) Harvest not commenced		\$95,000
- Sewer Capital Contribution (no work to invoice)		\$39,000
- Hook Waituna Water Scheme Capital Contributions (revenue below budget)		\$11,000
- Waihaorunga Water Scheme (No capital contributions due to the new water bore failure)		\$74,000
- Offset by Otaio Makikihi Water Scheme Capital Contribution		(65,000)
- Refuse Recoveries (Contra-ed against internal refuse collections)		\$33,000
- Gate Sales for landfill (down on budget)		\$18,000

- Other Revenue

Although the totals are very similar, the 2004 year end dividend from Alpine Energy was \$133,000 less than budget.

Expenditure

Expenditure on Activities is below budget by \$351,000 due to:

- Planning and Regulatory savings (timing differences)	\$77,000
- General Manager + Corporate Services Savings (Real savings)	\$42,000
- People Group namely:	\$105,000
o Formal Gardens (timing differences)	\$37,000
o Morven Recreation Harvesting Costs of Forest (timing differences)	\$92,000
o Fire Protection (timing differences)	\$40,000
o Roading net (timing difference)	\$160,000

Conclusion

The majority of variances are merely timing differences that will still apply in the financial period.

Items that will affect the end of year result will be:

- Forestry – there is a high probability that the gain on growth will be reduced.
- Waihaorunga Water Scheme – capital contribution won't be happening unless a new bore is drilled.
- Otaio/Makikihi Water Scheme – capital contribution will be a positive addition.
- Gate sales on landfill are below budget.
- Alpine dividends are below budget, but assurance has been given to CEO that this will be recovered.
- There are signs that the General Manager's and Planning & Regulatory Departments are making savings against budget on their operation.

Financial Reports

In Depth Detail

1. Revenue

Dividends are below budget by \$20,000. Although a similar total to last year to date, the pattern differs in that the end of year payment was \$133,000 less while the second interim payment of \$139,000 was in advance of last year.

Note Actuals	\$000		
	2005	2004	Variance
End of year	301	434	133 -
Interim 1	140	149	9 -
Interim 2	140	-	140 +
	581	583	2 -

The budget had anticipated a \$20,000 increase on the 2004 level.

In conclusion, we would appear to have been underpaid for our end of year payment which was initially adjusted for the IFRS Financial Accounts.

The CEO believes that agreement between the shareholders of Alpine Energy will see this amount eventually paid to us.

2. Roothing in Summary

YTD Expenditure	Actual	Budget	Variance
Total expenses	1099	1321	
Less depreciation	737	737	
	362	584	
Plus capital	306	600	
less Queen St upgrade	166	230	
Equals subsidised capital	140	370	
Total Roothing Expenditure	502	954	
Income			
Transfund Subsidy	213	439	
% recovered	42	46	

Roothing now includes other expenditure not eligible for subsidy.

December work yet to be charged by the rooding contractor of \$80,000.

3. Meridian Grant

The annual grant from Meridian for Te Akatarawa, calculated by taking last year's grant plus the general rates increase, has been invoiced in January for \$47,270.

4. Forestry Revenue

The forestry income budget is made up of:

	Total Year	Actual
Gain on Forest Growth	551	-
Forestry Sales	833	803
	1384	803

Harvesting at Charnwood is expected to cease in February 2005.

5. District Planning

The Planning & Regulatory Department has been affected by the new timesheet system.

In summary:

	YTD (000)	
	Act	Bud
Income		
Planning & Reg Business Units	90	139
District Planning	8	13
	98	152
Recoveries deducted off expenditure	104	-
Total Income	202	152
Expenditure		
Planning & Reg Business Units	135	139
District Planning	65	107
Total Expenditure	200	246
Grand Total	2	(94)

This has resulted in a favourable variance of \$96,000 in these departments.

6. Building Control

Income is above expenditure by \$9,000 at \$75,000 year to date.

Expenditure is \$52,000 above budget due to labour charged under the new timesheets system. Therefore this department will report a \$43,000 deficit against budget as a result of the new timesheet system.

7. Health Inspection

A small timing difference has meant income collected is below budget by \$6,000, but labour charged to the department is favourably below budget by \$29,000.

Therefore this department will report a \$23,000 surplus against budget.

In summary, Planning & Regulatory Department (without including Animal Control) looks as follows:

Surplus / (Deficit)	\$000
Business Unit	59
District Planning	37
Building Control	(43)
Health Inspection	23
Total Surplus	76

8. Community Representation

Interest from Medical Centre \$36,000 will be invoiced in June 2005 while Election income of \$15,000 has yet to be collected.

The expenditure is unfavourably over by \$89,000 as a result of charges to local issues \$61,000, Mayor's charged labour \$17,000, Election labour costs \$18,000.

Conversely a surplus reduction of \$56,000 in preparation of meetings expenses has occurred.

Some smaller items of interest are:

Printing for elections	12 -
Functions and presentations	7 -
Councillors expenses * \$21,000 paid in Jan 2005	27 +
Audit Fees	8 -
LTCCP Expenses	8 -
Resident Survey	12 -
Waitaki Water Resource Expenses	17 -

9. General Manager's Creative Team

A favourable variance of \$39,000 exists as a result of higher productivity charge outs of labour.

10. GIS

More labour has been directly charged to activities, less spent on development, resulting in a favourable value of 9,000 +

11. Corporate Services Support Team

Despite mixed results, the overall activity is similar to budget.

12. Camping

Despite income down on budget, Waitaki Lakes income now stands at \$56,000 at the end of January (which is the equivalent in 2003). Victoria Park Camp in January similarly exceeds income for the year 2003.

13. Formal Gardens

Work at Victoria Park Gardens continues to be higher than 2 previous budgets, and this anomaly has been fixed in the draft Annual Plan for 2005.

Two circumstances will reverse these trends in the second half of the financial year, namely heavier use of plant and labour on mowing, and invoicing of private clients such as schools for mowing.

14. Public Spaces for Sport & Rec

Sale of Radiata Pine at Morven has been delayed due to depressed forest prices, although activity could commence soon.

15. Rural Fire

An amount has been deposited to rural fire protection of \$56,100 to pay for the year's costs.

16. Asset Management

The Water & Wastewater staff achieved a \$32,000 surplus during the first six months.

The Asset Management continues two staff members short and therefore is under recovering labour by \$52,000.

In addition, contractor/consultation fees totalling \$30,000 have been directly costed to activities.

17. Sewerage

Capital contributions expected from the scheme are below budget by \$38,000. This will be checked by staff in February 2005. Insurance costs are above an incorrect budget by \$9,000.

18. Rural Water Supply

Otaio Makikihi has received \$69,000 from capital contributions, while Waikakahi has not received \$75,000 as a result of the new bore attempt by staff failing.

Various water applications will be checked in February 2005.

Expenditure is above budget by \$45,000 as a result of additional labour \$38,000 in:

- Hook Waituna	13,000
- Otaio Makikihi	17,000
- Waikakahi	7,000

Additional expenses of 7,000 have also been incurred.

19. Waste Management

With Refuse Collections and Solid Waste Collection being reported collectively, internal costs created by refuse collections offset against solid waste revenue.

This means that \$33,000 of reduced income and favourable expenditure are offset against each other (note A).

The remaining reduction in income is gate sales at the landfill \$18,000.

Other expenditure after taking into account note A was below budget in:

After care provisions (timing difference)	10,000 -	(1055)
After care	6,000	
Minimisation	30,000	
Timaru refuse	8,000	
Normal operations	11,000	
Hazardous waste	16,000	
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	61,000	