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# Financial Report – March Quarter 2005

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**Waimate District Council**  
**Statement of Financial Performance**  
**Third Quarter ending 31 March 2005**

	YTD Actual	YTD Budget	Variance	LTCCP June 2005	Year Compl	Last Year YTD Actual	% Cf Last Year
Revenue							
General Rates	(2,425,107)	(2,419,628)	5,479	(3,227,128)	75%	(2,291,904)	106%
Separate Rates	(934,276)	(919,803)	14,473	(1,309,639)	71%	(863,498)	108%
Transfund Subsidy	(478,009)	(1,027,678)	(549,669)	(1,293,000)	37%	(1,145,147)	42%
Revenue from Activities	(1,976,671)	(1,834,717)	141,954	(2,962,490)	67%	(2,313,051)	85%
Other Revenue	(827,461)	(890,337)	(62,876)	(1,096,606)	75%	(818,660)	101%
<b>Total Revenue</b>	<b>(6,641,524)</b>	<b>(7,092,163)</b>	<b>(450,639)</b>	<b>(9,888,863)</b>	<b>67%</b>	<b>(7,432,260)</b>	<b>89%</b>
Other Expenditure							
Expenditure from Activities	5,378,833	5,223,818	(155,015)	6,908,819	78%	6,106,737	88%
Depreciation	1,552,155	1,590,534	38,379	2,186,665	71%	1,338,724	116%
Taxation	237,435	225,000	(12,435)	300,000	79%	241,433	98%
<b>Total Expenditure</b>	<b>7,168,423</b>	<b>7,039,352</b>	<b>(129,071)</b>	<b>9,395,484</b>	<b>76%</b>	<b>7,686,894</b>	<b>93%</b>
<b>Surplus/Deficit after Tax</b>	<b>(526,899)</b>	<b>52,811</b>	<b>(579,710)</b>	<b>493,379</b>	<b>-107%</b>	<b>(254,634)</b>	<b>207%</b>

## Notes to Financial Performance

The Council is showing a deficit of (\$526,000) against a budgeted surplus of \$53,000 at the end of the 3<sup>rd</sup> quarter.

The main activities that have effected the position are in:

- Forestry
- Infrastructural Capital Contributions
- Roothing Work Completed
- Interest on Loans
- Rural Work Schemes Work

The explanations for these significant variances are as follows:

### Forestry

Net income from harvesting at Charnwood Forest is above budget by \$74,000, but is offset by additional harvesting costs of (\$174,000).

### Capital Contributions

Note: These are amounts paid by ratepayers to contribute towards new capital works. Schemes to have incurred surpluses (deficits) this year are:

- Sewer wastewater (\$59,000)
- Otaio Makikihi Water 65,000
- Waikakahi Water (110,000)

### Roothing Work

The most significant variance comes in the form of the Transfund subsidy which is (\$550,000) below budget. This is the result of \$1 million of rooding expenditure (capital \$900,000, operations \$100,000) yet to be spent at the end of the 3<sup>rd</sup> quarter.

This has been caused by the difficulties in starting a new maintenance contractor, and delays by the resealing contractor. It is anticipated that this will be caught up in the remaining quarter.

### Interest on Loans

With recent interest rate increases flowing through, it is pleasing to report that Council's hedged rate policy will maintain interest rates at 7%.

A gain of \$83,000 year to date has arisen due to favourable cash flow conditions especially due to reduced rooding expenditure.

### Water Schemes

(\$111,000) worth of additional work has been performed in the 7 major schemes run by Council.

This can be broken into internal charges of (\$69,000) and external charges of (\$42,000).

Hook Waituna (\$30,000), Otaio Makikihi (\$35,000) and Waikakahi (\$21,000) are the main contributors.

## Other Activities

A number of other activities had variances mentioned below:

- Project Aqua favourable recoveries of \$51,000 was received
- Waste Management shows favourable variance of \$36,000, which is due to hazardous waste yet to be charged \$26,000 a possible real saving through delays in minimisation \$49,000 offset by lower gate charges (\$30,000). Gate charges are below previous year's takings by 30%.
- Community Representation internal labour costs such as LTCCP publication (\$51,000) Annual Reports and Medical Centre (\$41,000) are above budget, while attendance at council meetings \$65,000 is below budget.
- The Asset Management Department, which now combines the former Asset Management and Utilities Departments, is running below budget due to the absence of a water engineer and appropriate recoveries that this would bring - this position is currently being filled by a consultant.
- Allocation of labour charges in Promotions and Building Control do not affect the bottom line but redistribute how labour is being recovered in the CEO and Planning Departments.

**Statement of Financial Position**  
**Third Quarter ending 31 March 2005**

	YTD Actual	YTD Last Quarter	Variance	LTCCP June 2005	Comparison % to LTCCP	Actual June 2004	Comparison % to Actual
<i>Current Assets</i>							
Current Bank Account	752,000	628,000	124,000	77,000	977%	527,000	143%
Rates Debtors	60,000	30,000	30,000	67,000	90%	118,000	51%
Sundry Debtors	530,000	691,000	(161,000)	612,000	87%	732,000	72%
Stock	38,000	39,000	(1,000)	36,000	106%	44,000	86%
Short - Term Investments	590,000	590,000	0	525,000	112%	525,000	112%
<i>Total Current Assets</i>	1,970,000	1,978,000	(8,000)	1,317,000	150%	1,946,000	101%
<i>Current Liabilities</i>							
Sundry Creditors	377,000	480,000	103,000	705,000	53%	694,000	54%
Employee Entitlements	188,000	188,000	0	190,000	99%	117,000	161%
<i>Total Current Liabilities</i>	565,000	668,000	103,000	895,000	63%	811,000	70%
<i>Working Capital</i>	1,405,000	1,310,000	95,000	422,000	333%	1,135,000	124%
<i>Non-Current Assets</i>							
Term Investments	532,000	532,000	0	605,000	88%	571,000	93%
Equity Investments	3,131,000	3,131,000	0	3,130,000	100%	3,131,000	100%
Operational Assets	5,965,000	6,256,000	(291,000)	6,452,000	92%	5,834,000	102%
Forests	4,425,000	4,347,000	78,000	5,602,000	79%	5,039,000	88%
Infrastructural Assets	192,768,000	192,931,000	(163,000)	195,959,000	98%	193,154,000	100%
<i>Total Non-Current Assets</i>	206,821,000	207,197,000	(376,000)	211,748,000	98%	207,729,000	100%
<i>Less Non-Current Liabilities</i>							
Term Loan - Operations	3,157,000	3,013,000	(144,000)	4,368,000	72%	3,231,000	98%
Provision for Landfill	0	141,000	141,000	0		0	
<i>Total Non Current Liabilities</i>	3,157,000	3,154,000	(3,000)	4,368,000	72%	3,231,000	98%
<u>Net Assets</u>	205,069,000	205,353,000	(284,000)	207,802,000	99%	205,633,000	100%

## Notes to Financial Position

The major changes to the Council's Balance Sheet have incurred in:

The liquidity position

i.e. bank position and term loan

	<b>\$000</b>	<b>\$000</b>	<b>Surplus</b>
	<b>March YTD</b>	<b>LTCCP Year End</b>	
Bank	752	77	675
Term Loan	(3,157)	(4,368)	1,211
Liquidity Position	(2,405)	(4,291)	1,886

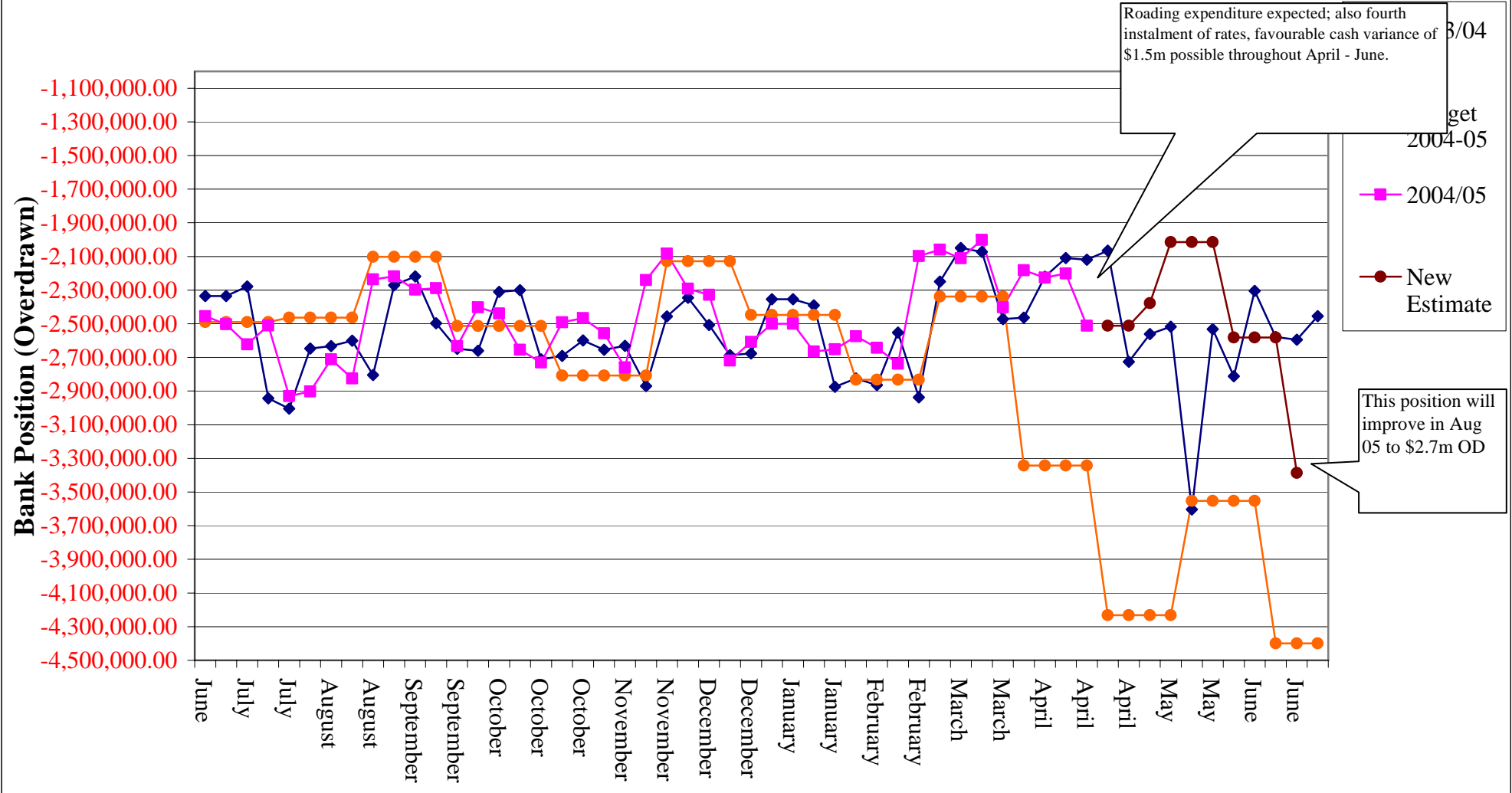
Sundry Debtors

The debt with Waimate Timber Processing Ltd still remains the largest sum outstanding, while the low Transfund subsidy reduces the total below its normal level.

Sundry Creditors

Remains below its expected levels due to lower roading levels and capital expenditure.

**Waimate District Council  
Cash flow Trends  
March 2005**



## Performance Indicators Observations

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Fig 1 – Rates Outstanding Debtors

Fig 2 – Rates Dollars Outstanding

Fig 3 – Sundry Debtors

Fig 4 – Labour Costs

Fig 5 – Transfund Roothing

Fig 6 – Charnwood Forest Harvest 2005

Fig 7 – Dividend Revenue

### Observations

Fig 1

More current rates due at the end of the third quarter - often seen as the hardest for the ratepayer to meet after the Christmas period.

Fig 2

Showing same information, note small reduction in year 1 category, and the significance of credit balances.

Fig 3

Sundry Debtors has settled down apart from the one forestry debt while staff are now actively investigating other doubtful debts.

Fig 4

Total Labour costs for the year to date are (\$43,000) above budget, although the budget does not appear to have adjusted for inflation. The third quarter saw actual labour (\$49,000) above budget.

Fig 5

Shows approximately \$1 million underspent, mainly in renewals/capital works.

Fig 6

Forestry profit levels operated below budget due to the nature of the harvest at the conclusion of the contract, and depressed forest prices.

Fig 7

The graph indicates an unfavourable variance as far back as July 04, with the likelihood of a shortfall this year approaching (\$200,000).

Figure 1

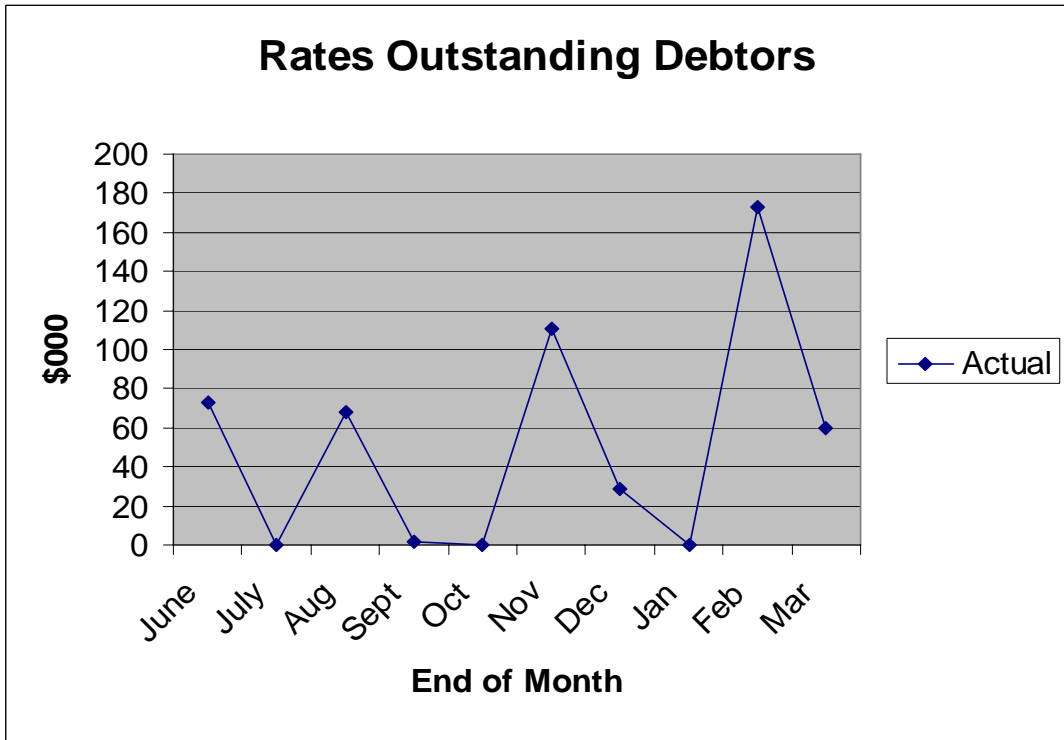


Figure 2

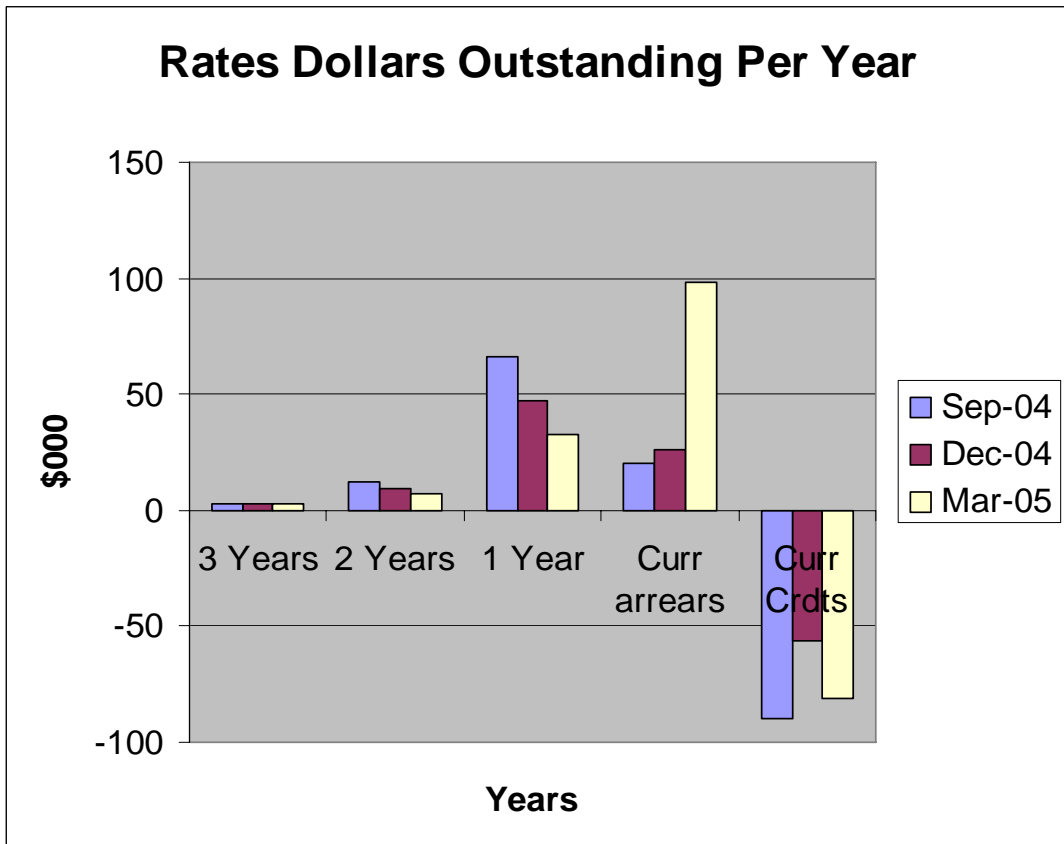


Figure 3

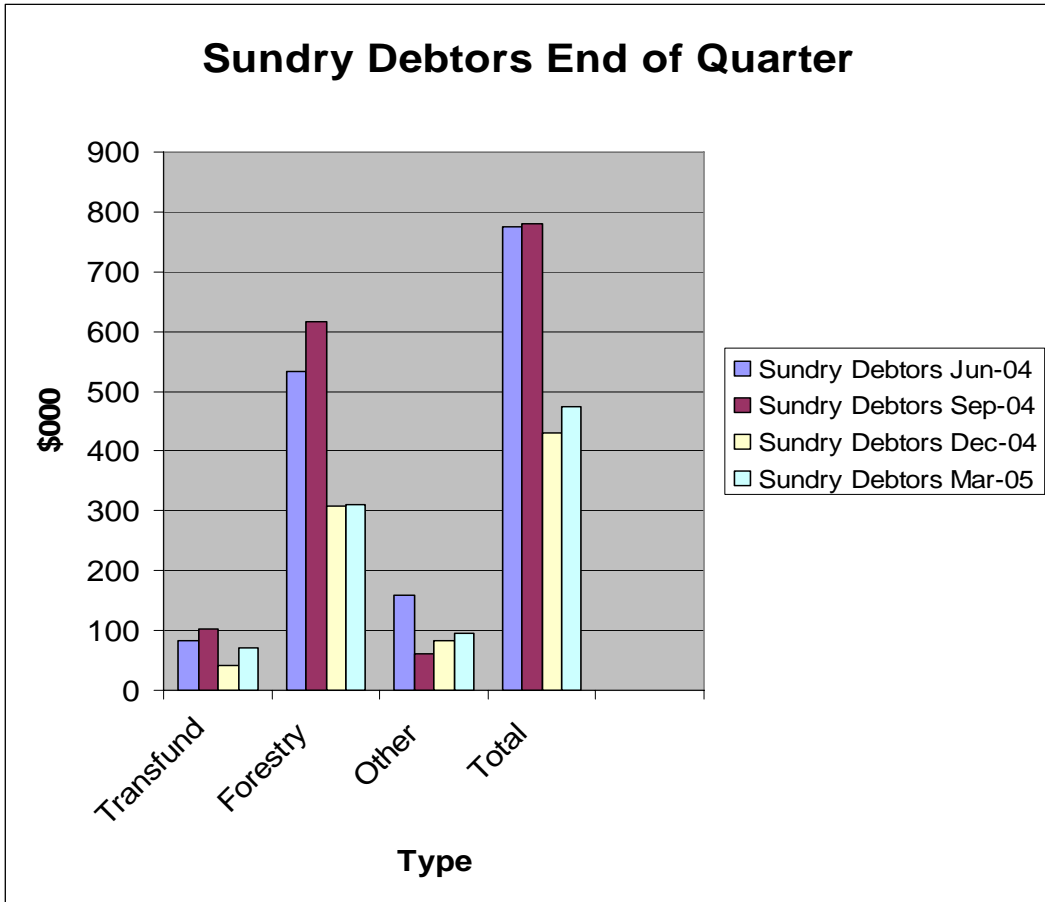


Figure 4

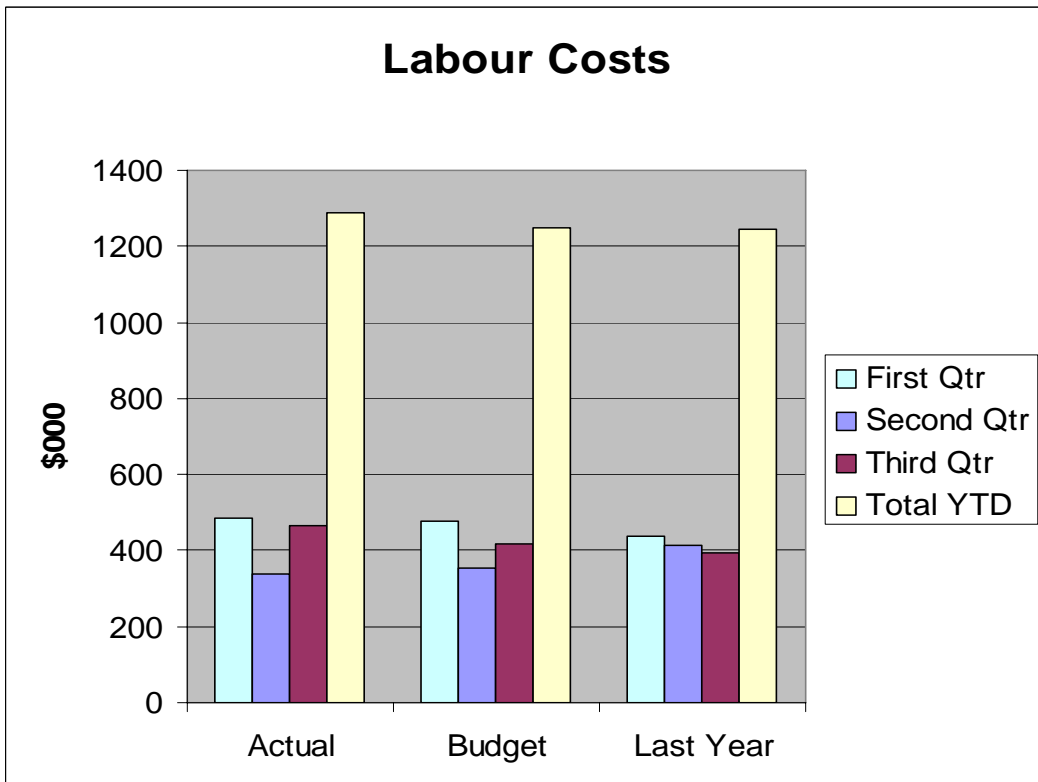


Figure 5

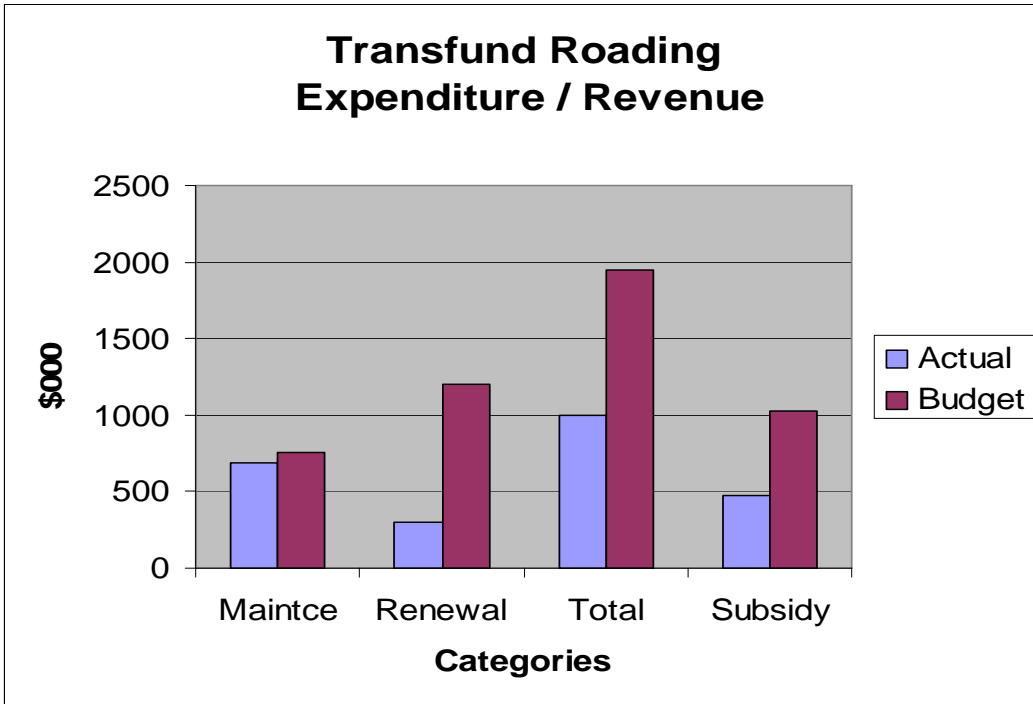
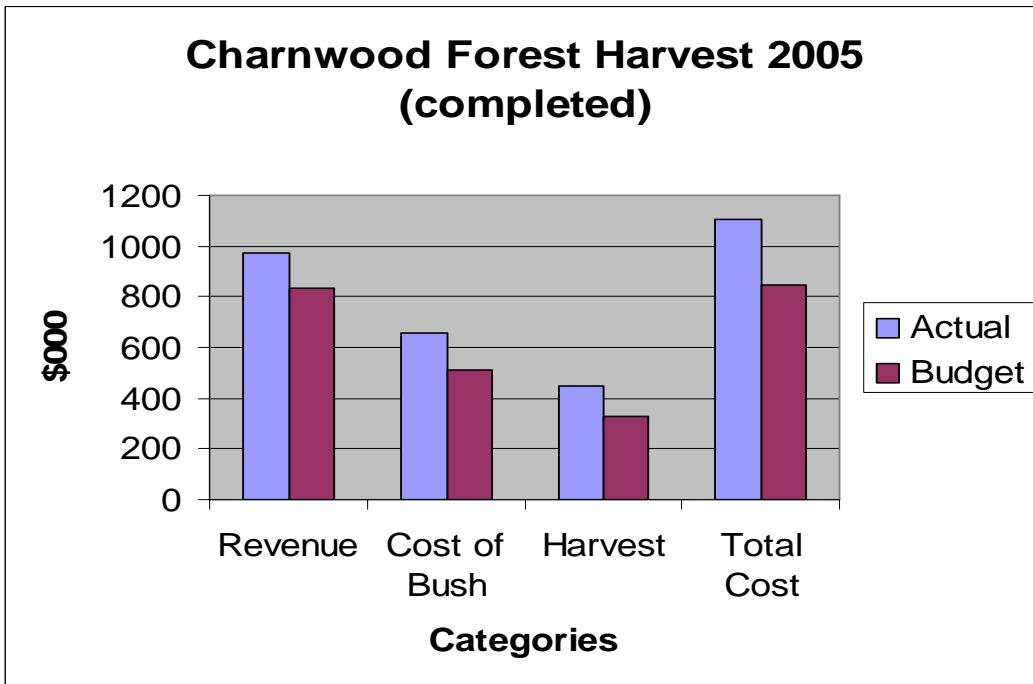
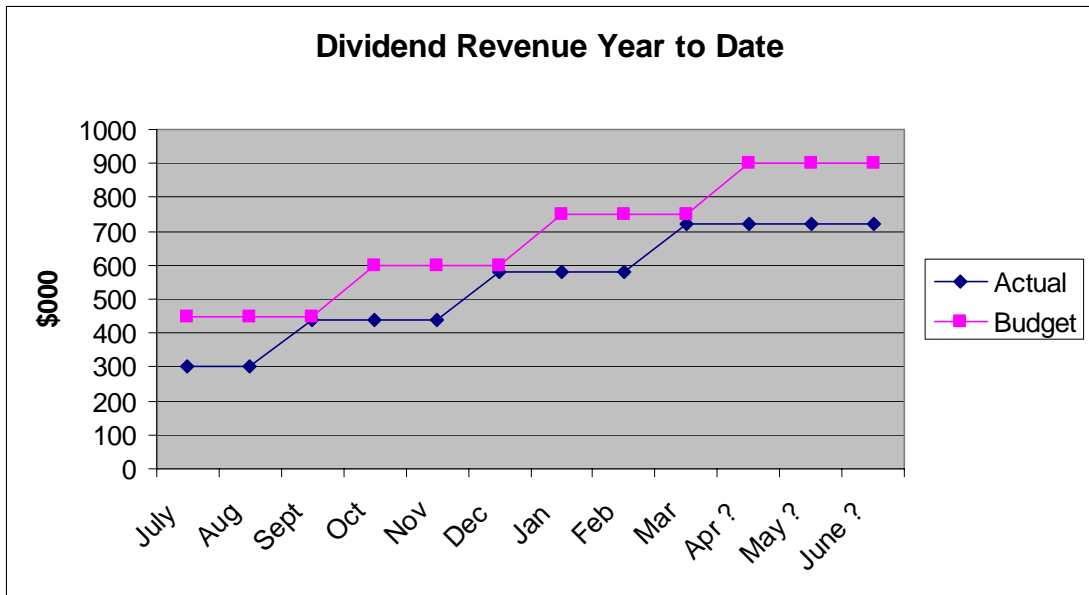


Figure 6





## Capital Expenditure

The Capital Expenditures at the end of the third quarter totals \$1,195,000, which is below the year ended budget of \$3,766,000 by \$2,571,000.

The major variances can be found in:

<b>(a) Buildings</b>	<b>\$489,000</b>
Namely:	
Pensioner Flats (2 new units). Not started	\$250,000
Dawson's Building (purchased without budget)	(\$62,000)
Recycling Building (various additions not purchased)	\$56,000
Victoria Park Cabins (in progress)	\$38,000
Victoria Park Aviary (Replacement of existing not started)	\$175,000
Waimate Stadium (Ceiling/Flooring project not spent)	\$65,000
<b>(b) Sewer Upgrade</b>	<b>\$134,000</b>
New Residential area upgrade waiting on completion of the Capital Development Policy	\$130,000
New Aerator	\$40,000
Treatment Plant (final payment not budgeted)	(\$54,000)

### (c) Roading

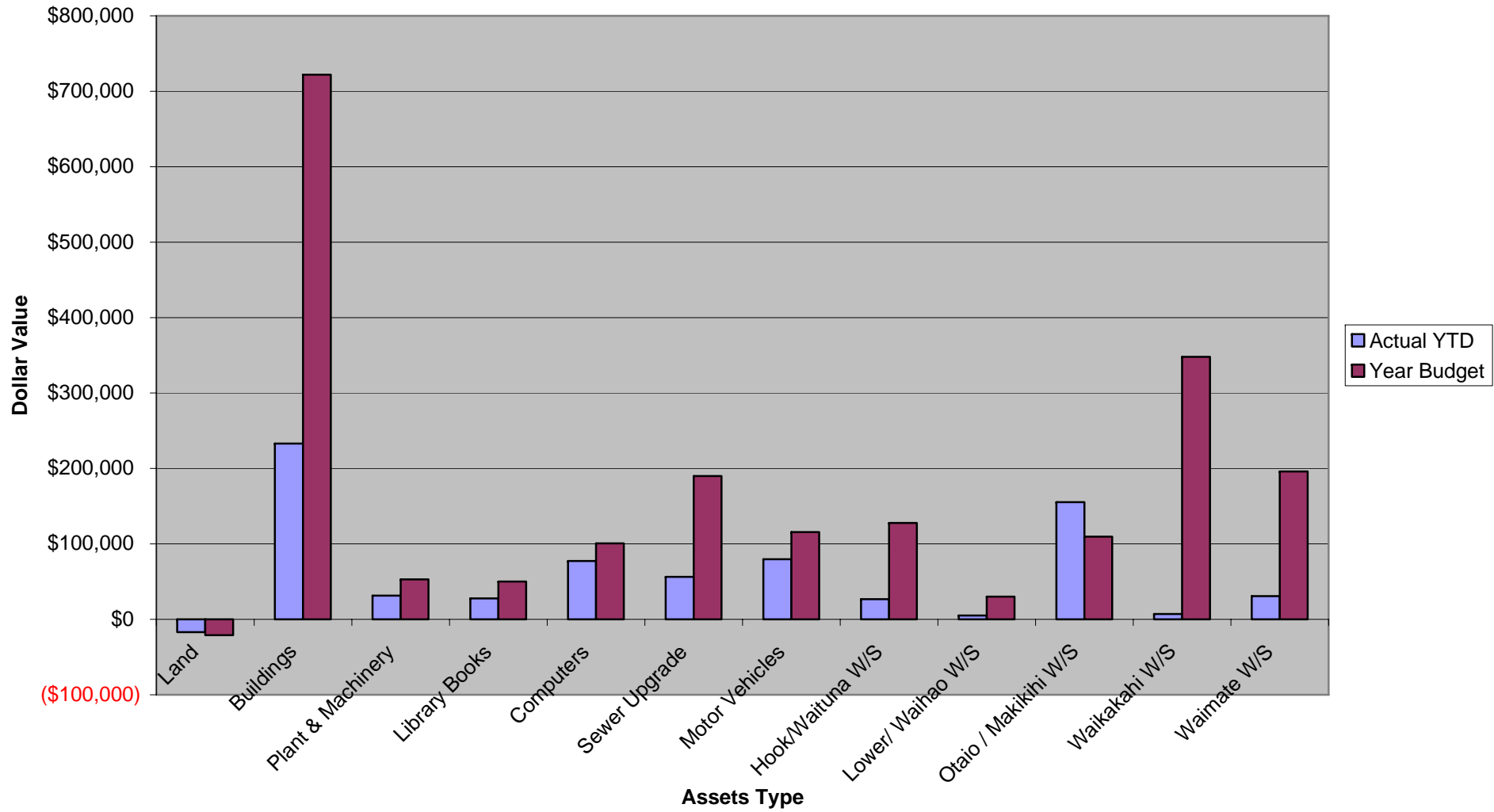
Expenditure is behind budget by \$1,262,000 (some of which is traditionally late starter). Prices are escalating at this time of year, due to the demand on contracting resources nationally.

Major items include:

		<i>Engineers Comments</i>
Pavement repairs >100m	\$77,000	Nothing programmed
Culvert Replacement	\$42,000	Likely to be spent
Maintenance Chip Seals	\$400,000	Spent in April
Bridges	\$50,000	Minor maintenances only
Minor Safety Projects	\$72,000	Spent by end of year
Metalling	\$139,000	Spent by end of year
Drainage Construction	\$109,000	Will be spent in maintenance
Area wide pavement treatment	\$90,000	Spent by end of year
Seal Widening	\$95,000	Spent by end of year

<b>(d) Water Schemes</b>	<b>\$585,000</b>
<b>Hook Waituna</b>	\$101,000
Extension between Willowbridge and Studholme has not gone ahead, while renewals of mains has not occurred.	
<b>Waikakahi</b>	\$341,000
The bore was drilled but was not suitable. This project continues to be requested and a report is to come to this meeting of Council.	
<b>Waimate Urban</b>	\$165,000
Council has yet to instigate its initiative to extend water & sewer services in Waimate following the completion of the Capital Development Policy.	
<b>Otaio Makikihi</b>	(\$46,000)
The project to lay additional pipelines and connect to clients has been undertaken and is now close to completion.	

### Capital Expenditure Till March 2005



**TOTAL CAPITAL EXPENDITURE SPLIT FOR March 2005**

<b>Name</b>	<b>Current YTD Balance</b>	<b>Year Budget</b>	<b>VAR</b>
Land	-16,897	-21,000	-4,103
Buildings	233,141	722,000	488,860
Plant & Machinery	31,343	38,100	6,757
Plant & Machinery	0	15,000	15,000
Library Books	27,540	50,000	22,460
Computers	77,189	100,600	23,411
Sewer Upgrade	56,313	190,000	133,687
Roading & Streets	482,499	1,744,204	1,261,705
Motor Vehicles	79,596	115,700	36,104
Hook/Waituna	26,822	127,682	100,860
Lower/Waihao	4,861	30,000	25,139
Otaio/Makikihi	155,307	109,644	-45,663
Waikakahi	6,893	348,000	341,107
Waimate Urban	30,715	196,000	165,285
<b>Total</b>	<b>1,195,321</b>	<b>3,765,930</b>	<b>2,570,610</b>

### Capital Expenditure Progress Total March 2005

