

STAFF REPORT

TO: Chair & Members, Corporate Services Committee

FROM: Accounting Manager, R Holden

DATE: 15 February 2011

SUBJECT: **Six Monthly Financial Report to 31 December 2010 –
RFN11-02-06**

The full financial statements and closed accounts for December 2010 are attached for your information. These documents contain not only the financial summary of each significant activity, but also details of each major activity within the sections.

At Council's highest financial reporting level, income is \$46.01 million and expenditure at \$43.22 million with both being within budget expectations of 50%. Income is slightly better than budget at 52%, primarily as a result of bringing revaluation gains of Council's interest rate swaps to account. This one item aside, income would still be slightly ahead of budget expectations. The combined result is a net surplus position which is a positive variance to budget.

The annual report would include some transactions that are only completed at year end, and therefore are not reflected here. This would include such items as joint venture transactions, adjustments for fair value in forestry and the revaluation of key assets.

Within the balance sheet the timing of some transactions has seen an increase in both accounts receivables - the NZTA claim is around \$3 million, and accounts payables which includes contract payments for the roading and utility contracts. The net position is an improvement in Council's working capital position.

Whilst many of the accounts are in line or better than budget, the following items are highlighted for your information:

- Within Environment and Planning activities generally income is in line with budgets, the exception being funds budgeted for Mapua recoveries which are yet to be received.
- Expenditure is a mix of timing of work not yet completed as in policy with TRMP work, and regulatory where the full year's fire levy has been paid already.
- Resource consents are behind budget in both fees and costs.
- The completion of seal pavement maintenance, and the bringing to charge of emergency works from prior years sees the subsidised roading account slightly ahead of the net budget position.

- Recoveries from solid waste continue to be behind budget. To compensate this position, work is being scaled back to operate within fiscal constraints.
- Within the stormwater account, Richmond includes a significant write-off of abandoned assets of around \$300,000.
- The cultural services and community grants account reflects the non-uniform receipt and payment of various grants.
- Income for community facilities includes a \$565,000 grant received from the Lotteries Commission for the Recreation Centre at Motueka.
- The timing of some community facilities project work has resulted in a lower expenditure position at this time.
- The position of the camping grounds activity is expected to change dramatically over the coming two months, as the influx of out of town visitors arrive.
- A number of non-linear activities within governance contribute to the higher than budgeted expenditure position including; costs for the Local Government Debt Vehicle, timing of the payment to the Economic Development Agency, and timing of election expenses.
- Forestry income and associated costs from harvesting is for July 2010 only, as budgeted, other activities are for the six month period.

Council's set of Closed Accounts is also included with the financial reports. These accounts are separated out within Council's equity, and carry their own balances. In summary there has been a draw of funds from camping grounds, reserve financial contributions, community housing and solid waste, whilst the remainder had positive cash flows. The accounts are monitored on an individual basis, and reported as such.

Russell Holden
Accounting Manager