



Date: Tuesday, 11 April 2017
Time: 1.30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Late Reports

Finance, Audit & Risk Committee Meeting

11 April 2017

Fergus Power
Chief Executive Officer

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

Order Of Business

8 General Items.....3

8.4 HB LASS Half-yearly Report 3

8.5 HB LASS Statement of Intent 2017-18 7

8.6 December Quarter Financial Report 20

8 GENERAL ITEMS

8.4 HB LASS HALF-YEARLY REPORT

Author: Gary Borg, Chief Financial Officer

Authoriser: Fergus Power, Chief Executive Officer

Appendices: 1. [Appendix 1 - HB LASS Half-Yearly Report](#) ↓

1. PURPOSE

- 1.1 The purpose of this report is to assist the Committee in its role of monitoring the performance of Council Controlled Organisations by presenting the HB LASS Financial Statements for the 6 months ended 31 December 2016.

RECOMMENDATION

The Chief Financial Officer RECOMMENDS that Committee receives the report

1. REASON FOR INCLUSION AS LATE ITEM

The information that this report relies on was received after the stipulated agenda deadline. It has been included as a late item in the interests of providing the Committee with timely information, and because it contains no significant items for decision.

2. BACKGROUND

2.1 HB LASS Limited was formed in December 2012 and each of the Hawkes Bay local authorities owns a 20% shareholding. As such HB LASS meets the definition of a Council Controlled Organisation (CCO).

2.2 S66 LGA requires that:

2.2.1. Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

2.2.2. The report must include the information required to be included by its statement of intent.

3. CURRENT SITUATION

3.1 The report, attached at **Appendix 1**, was received on 5 April 2017, beyond the statutory timeframe.

3.2 The report is incomplete in that it does not contain items specified in the Statement of Intent; Movements in Equity and Statement of Service Performance. In view of the nature of the entity's funding the former can be considered immaterial. However commentary on the organisation's performance could have provided meaningful information to the shareholders.

3.3 The matters discussed in 3.2 have been communicated to the entity and the Committee is able to offer further comment.

4. OPTIONS

4.1 The options identified are:

- a. Receive the report
- b. Do nothing

4.2 Due to the administrative nature of this item, no options analysis is warranted.

4.3 The preferred option is that the Committee receives the report, this meets the purpose of local government by exercising governance over an entity that exists to identify cost-effective services for the member councils.

5. CORPORATE CONSIDERATIONS AND SIGNIFICANCE



5.1 In accordance with Council’s Significance and Engagement Policy this matter is of low significance. No consultation is required and there are no financial implications.

Confirmation of statutory compliance

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.

Signatories

	
<p>Gary Borg Author</p>	<p>Fergus Power Approved by</p>

FINANCIAL STATEMENTS

31 December 2016

HB LASS Limited**Statement of Financial Performance**

For the 6 Months Ending 31 December 2016

	6 Months To 31 Dec 2016	6 Months To 31 Dec 2015	Year Ended 30 Jun 2016
	\$	\$	\$
Revenue			
Shareholder Membership Fees	17,851	13,941	20,249
Project Evaluation Fees	0	162,181	353,396
Interest Income	0	26	43
Total Revenue	17,851	176,148	373,688
Expenses			
Director Fees	7,500	7,500	15,000
Legal Fees	0	0	730
Audit Fees	1,000	0	2,040
Insurance	1,200		2,400
Project Investigations	8,020	162,181	353,396
Operational Expenses	131	6,467	122
Total Expenses	17,851	176,148	373,688
Surplus / (Deficit) before income tax	0	0	0
Income Tax Expense	0	0	0
Surplus / (Deficit) after income tax	0	0	0

HB LASS Limited**Statement of Financial Position**

As at 31 December 2016

	6 Months To 31 Dec 2016	6 Months To 31 Dec 2015	Year Ended 30 Jun 2016
	\$	\$	\$
Current Assets			
Bank Accounts and Cash	71,034	118,880	19,080
Debtors and Prepayments	1,000	14,230	69,285
GST Receivable	944	15,394	1,372
Total Assets	72,978	148,504	89,737
Current Liabilities			
Creditors and Accrued Expenses	3,479	30,345	84,737
Prepaid Income	64,499	113,159	0
Total Liabilities	67,978	143,504	84,737
Total Assets Less Total Liabilities	5,000	5,000	5,000
Equity			
Contributed Capital	5,000	5,000	5,000
Accumulated Surpluses	0	0	0
Total Equity	5,000	5,000	5,000

8.5 HB LASS STATEMENT OF INTENT 2017-18

Author: Gary Borg, Chief Financial Officer
Authoriser: Fergus Power, Chief Executive Officer
Appendices: 1. HB LASS draft Sol 2017-18 [↓](#)

1. PURPOSE

- 1.1 The purpose of this report is to assist the Committee in fulfilling its governance role in respect Council Controlled Organisations by presenting the HB LASS Statement of Intent for the year ending 30 June 2018.

RECOMMENDATION

The Chief Financial Officer RECOMMENDS that Committee receives the report and provides comments it deems appropriate to be referred to the directors.

1. REASON FOR INCLUSION AS LATE ITEM

The information that this report relies on was received after the stipulated agenda deadline. It has been included as a late item in the interests of providing the Committee with the opportunity to comment in a timely fashion and to meet the statutory timeframe for responding. There are no matters of significance to be considered.

2. BACKGROUND

- 2.1 HB LASS Limited was formed in December 2012 with the Hawkes Bay local authorities each owning a 20% shareholding. As such HB LASS meets the definition of a Council Controlled Organisation (CCO).
- 2.2 The framework for a statement of intent (Sol) is prescribed by Schedule 8 LGA. In particular, the purpose of a statement of intent is to:
 - 2.2.1. state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
 - 2.2.2. provide an opportunity for shareholders to influence the direction of the organisation; and
 - 2.2.3. provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

3. CURRENT SITUATION

- 3.1 The draft Statement of Intent (Sol), attached at **Appendix 1**, was received on 6 April 2017, beyond the statutory timeframe.
- 3.2 The Sol confirms the purpose of the HB LASS as being 'to investigate, develop and deliver shared services, where and when that can be done more effectively for any combinations of some or all of the councils.' The HB LASS supports the LGA s17A objective of local authorities to continually and periodically 'review the cost-effectiveness of current arrangements for meeting the needs of communities within its district'. Consequently the HB LASS Sol is unlikely to fundamentally change from one year to another.

- 3.3 The following matters are observed in the 2017-18 Sol compared to the corresponding document for 2016-17:
- 3.3.1. *'Increased value'* inserted as an expected benefit
 - 3.3.2. Vision statement updated to *"HAWKE'S BAY COUNCILS DELIVERING VALUE AND SERVICE THROUGH COLLABORATION"*
 - 3.3.3. Nature and Scope of Activities updated to include *'Work collaboratively to identify, assess, develop and implement opportunities. Facilitating collaboration direct with council officers who are responsible for the identified work streams and driving beneficial outcomes'*
 - 3.3.4. A director representing Hawke's Bay Regional Council has been appointed [vacant 2016-17].
 - 3.3.5. An updated list of feasibility studies that will be considered is provided. The RFP process for Internal Audit services is currently in progress.
 - 3.3.6. The publishing of a newsletter is proposed to change from quarterly to six monthly.
 - 3.3.7. The level of proposed contributions from members is unchanged. Council's contribution is set at \$9,058.50 for the year.

4. OPTIONS

- 4.1 The options identified are:
- a. Receive the report and provide comment as appropriate
 - b. Do nothing
- 4.2 Due to the administrative nature of this item, no options analysis is warranted.
- 4.3 The preferred option is that the Committee receives the report, this meets the purpose of local government by exercising governance over an entity that exists to identify cost-effective services for the member councils.

5. CORPORATE CONSIDERATIONS AND SIGNIFICANCE



- 5.1 In accordance with Council's Significance and Engagement Policy this matter is of low significance. No consultation is required and there are no financial implications.

Confirmation of statutory compliance

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.

Signatories

	
Gary Borg Author	Fergus Power Approved by

ADM-02-7-15-281



HB LASS Ltd
Statement of Intent for 2017-18

13 March 2017

HB LASS Ltd Draft Statement of Intent 2017/18

Hawke's Bay Councils Delivering Value and Service



ADM-02-7-15-281

HB LASS Introduction

This Statement of Intent (SOI), developed under schedule 8 of the Local Government Act 2002, is:

- A public declaration of the activities and intentions of HB LASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of HB LASS Ltd, and
- Provides a basis for the accountability of the directors to the shareholders for the performance of HB LASS Ltd.

This Statement of Intent covers HB LASS Ltd and any subsidiary company established in pursuance of the objectives herein.

Background

The Councils that operate within the Hawke's Bay have formed a CCO to investigate, develop and deliver shared services, where and when that can be done more effectively for any combinations of some or all of the councils.

The expected benefits that can be achieved through shared services are:

- improved levels and quality of service;
- increased value
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all Councils irrespective of location or size.

In essence the Council Shareholders have established HB LASS Ltd as a means to develop opportunities to address the "most cost effective" elements of the Purpose of Local Government as set out in Section 10 of the Local Government Act 2002.

Our Vision

HB LASS Ltd Draft Statement of Intent 2017/18

2 of 10

ADM-02-7-15-281

“HAWKE’S BAY COUNCILS DELIVERING VALUE AND SERVICE THROUGH COLLABORATION”

Objectives of HB LASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more Councils from an external provider regardless of whether the service is paid for through HB LASS Ltd or individually by participating Councils.

Shared Services

For HB LASS Ltd “shared services” means the provision of a service or activities (including procurement and service harmonisation) through a jointly owned provider or where one Council or more together performs the service for the other/s.

It is noted that the implementation of any Shared Service proposal will require the agreement of the individual Councils who wish to participate in the relevant proposal.

Nature and Scope of Activities

The principal nature and scope of the activities of HB LASS Ltd is to:

- *Work collaboratively to identify, assess, develop and implement opportunities. Facilitating collaboration direct with council officers who are responsible for the identified work streams and driving beneficial outcomes*
- *Use Joint Procurement to add value to goods and services sourced for its constituent Councils.*

HB LASS Ltd Draft Statement of Intent 2017/18

3 of 10

ADM-02-7-15-281

- *Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available.*
- *Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

Governance

HB LASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its directors. To ensure total synergy between the Company's activities and its council shareholders' activities, the directors are also the Chief Executives of their respective shareholding Councils. The dual roles recognise the interdependence of HB LASS and its Councils in the undertaking of its activities.

The Directors representing the shareholding Councils are:

Shareholder	Director
Central Hawke's Bay District Council	Monique Davidson
Hastings District Council	Ross McLeod
Hawke's Bay Regional Council	TBC

HB LASS Ltd Draft Statement of Intent 2017/18

4 of 10

ADM-02-7-15-281

Napier City Council	Wayne Jack
Wairoa District Council	Fergus Power

In addition, in accordance with the Constitution the Board has re-appointed an Independent Director Mr Craig Waterhouse as Chairman.

In addition, the Board may appoint up to three Independent Directors to supplement the Directors/Chief Executives' expertise.

At an operational level, each activity or project is developed collaboratively by a Working Group, where participants from relevant service areas are nominated by each of the shareholding councils. The Board retains the right to approve nominations to the Working Groups and all of their material decisions.

Each shared service will be subject to a formal service level agreement between HB LASS Ltd and the participating Councils, outlining the services and activities provided, where, when and how they are provided; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any Advisory Group as approved by the Directors. Such initiatives will not require the setting up of a separate business unit unless the administration requirements of the procurement process require it.

Subject to the approval of shareholders in accordance with the shareholder agreement the directors may decide that a particular activity is best managed as a subsidiary company and, subject to meeting legislative requirements, proceed accordingly.

As provided in Section 64(5)(b) of the Local Government Act 2002 this Statement of Intent shall apply to any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent. Such subsidiary companies shall not be required to have a separate Statement of Intent.

HB LASS Ltd Draft Statement of Intent 2017/18

5 of 10

ADM-02-7-15-281

Future Developments

Feasibility studies for shared services that are on hold but will be reconsidered in 2017/18 are:

- Regional Call Centre
- Rates services (debt management, advisory etc)
- Asset Management Services

Current feasibility studies for shared services that are under action or being prepared for consideration are:

- Building Control
- Training and Development
- Water Testing
- IT
- Parks
- Facilitating 17A Review Requirements
- Legal Services
- Archives and Records Management
- Animal Control

Other shared services may be provided after the Board has considered each individual business case and formally agreed to take on and deliver (or host/procure etc.) the shared service. The Board has identified a range of other activities that will be investigated as the contributing Councils have resources available to support the investigations.

Joint procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member Councils.

HB LASS Ltd will also proactively explore opportunities to partner with other local authorities and shared services organisations within NZ where they are either developing or considering developing cost effective shared services and products that are of value to the Hawke's Bay Councils.

HB LASS Ltd Draft Statement of Intent 2017/18

6 of 10

ADM-02-7-15-281

The Board has identified an opportunity for HB LASS to become a vehicle that can assist all the shareholding Councils in meeting the obligations for Service Delivery Reviews that are required to be undertaken under Section 17A of the Local Government Act 2002. It will maintain a watching brief over developments in this area.

The Board has identified that there is a need to become more actively engaged with staff of each of the Councils and that a greater level of activity will require additional administrative support. To this end there will be a need for higher levels of financial input from the shareholders. A Strategy is in development that will identify more clearly the pathway forward to greater adoption of Shared Services within the shareholding councils.

That strategy is designed so as to bring to consideration the findings from the Asset Management services project together with development of initiatives to look at Financial Services and Human Resources activities during the next twelve months.

Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years, the targets are to:

- Initiate at least one shared service each year and no less than two shared services successfully implemented within the following three years;
- Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders;
- Explore Joint Procurement initiatives for goods and services from sources offering best value, service, and/or continuity of supply;
- Publish a newsletter setting out the Company's activities at least ~~quarterly~~ six monthly;
- Ensure sufficient income is available from activities to sustain a viable company;
- Operate in a manner that conforms with any applicable regulatory requirements.

9 Statement of Financial Position

HB LASS Ltd Draft Statement of Intent 2017/18

7 of 10

ADM-02-7-15-281

The Local Government Act 2002 requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As HB LASS Ltd has minimal capital (\$5,000 of paid up capital), and does not expect to acquire any material assets, the Board believes that this ratio does not add any value to the SOI and is therefore not included at this time.

As asset owning shared services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each Council's contribution.

10 Accounting Policies

The Company will maintain accounting records in accordance with the Companies Act 1993 and the Local Government Act 2002 as applies to Council Controlled Organisations.

The financial statements of the Company will be prepared in accordance with the New Zealand equivalent to the International Financial Reporting Standards (NZ IFRS) as prescribed by Chartered Accountants Australia and New Zealand (CAANZ). The accounting policies will be determined in consultation with the Company's accountants and the auditors prior to preparation of the 2016/17 financial statements.

11 Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds are expected to be retained in the business.

12 Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

HB LASS Ltd Draft Statement of Intent 2017/18

8 of 10

ADM-02-7-15-281

- Within two months of the end of the first half of the financial year: Financial Performance, Movements in Equity, Financial Position and Statement of Service Performance.
- Within three months of the end of the financial year the following audited statements: Statement of Financial Performance, Movements in Equity, Statement of Financial Position, Statement of Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Regular summaries of activities and achievements.

13 Procedures for the Purchase and Acquisition of Shares

The Board will give approval before HB LASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation which is external to the group.

14 Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure shared services will be budgeted for in advance, subject to a business case, and either funded by individual Councils without HB LASS Ltd involvement; or agreed by the Board to be funded by HB LASS Ltd with consequent recovery from participating Councils.

Shareholding Councils will make a contribution to the operational costs of the company on an annually agreed basis. Contributions required from the shareholding councils to cover administration charges are as follows:

Central Hawke's Bay District Council	\$ 9,058.50
Hastings District Council	\$ 21,411.00
Hawke's Bay Regional Council	\$ 21,411.00
Napier City Council	\$ 21,411.00
Wairoa District Council	\$ 9,058.50

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge the directors may take into account the cost of running the company,

HB LASS Ltd Draft Statement of Intent 2017/18

9 of 10

ADM-02-7-15-281

its future operational requirements, the nature and cost of the service provided, benefits achieved and Councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or, invest in further developing that or other services, as agreed by the Advisory Group and by the Board.

15 Value of Shareholders' Investment

The Directors estimate that at this stage, HB LASS Ltd has little or no commercial value. As each shareholder's investment in HB LASS Ltd is only \$1,000 initially, the Board believes that that fairly represents the value of their investment.

The Directors will reassess the value of this shareholding on or about the 1st of March each year.

HB LASS Ltd Draft Statement of Intent 2017/18

10 of 10

8.6 DECEMBER QUARTER FINANCIAL REPORT

Author: Christopher Hankey, Financial Planning Manager

Authoriser: Gary Borg, Chief Financial Officer

Appendices: 1. 2016/17 Quarter Two (December 2016) Financial Report [↓](#)

1. PURPOSE

- 1.1 To present the December 2016 (FY 2016/17 Quarter Two) quarterly financial report.

RECOMMENDATION

The Financial Planning Manager RECOMMENDS that Committee receive this report and approve its referral to Council.

2. BACKGROUND

- 2.1 Council staff are requested to bring a finance report to Council each quarter.
- 2.2 Financial reports are still in development but have a range of agreed elements.
- 2.3 September's Quarterly report was received by Council on 28th March 2017
- 2.4 This report contributes to the transparency of Council's financial activities for ratepayers.

3. DISCUSSION

- 3.1 There are no items of operational budget significance in the report.
- 3.2 The one item of Capital significance is as per the September report.

4. CORPORATE CONSIDERATIONS

What is the change?

- 4.1 There will be no process or policy changes in Council as a result of this paper.
- 4.2 No s17A review will be triggered by this paper.

Compliance with legislation and Council Policy

- 4.3 This report complies with Council Policy and the financial reports included comply with financial reporting requirements and the International Public Service Accounting Standards (IPSAS) and the New Zealand equivalent Public Benefit Entity Standards.

What are the key benefits?

- 4.4 Transparency in managing taxpayers' funds.

Who has been consulted?

- 4.5 No public consultation has been taken on this issue.

Maori Standing Committee

- 4.6 This has not been referred to the MSC.

5. SIGNIFICANCE

5.1 The financial reports have seen interest from the public in regards to financial transparency, however this report does not trigger any standards in the significance and engagement policy that require consultation.

6. RISK MANAGEMENT

6.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:



- a. Public perception of good financial management and oversight is critical in the ongoing funding of Council operations. This report represents transparency with this standard and commonality with the reporting of the annual financial reports.

Confirmation of statutory compliance

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.

Signatories

	
<p>Christopher Hankey Author</p>	<p>Gary Borg Approved by</p>

MONTHLY FINANCE REPORT

31 December 2016
(2016/17 PERIOD 6)



TE WAIROA
WAIROA DISTRICT

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Contents

EXECUTIVE SUMMARY	3
ANALYSIS	4
Financial Health.....	4
Service Requests	6
Councillor Spending YTD	7
Financial Position Indicators	8
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	28
Whole of Council Funding Impact Statement.....	28
Whole of Council Activity Statement	30
Statement of Comprehensive Income and Expenditure.....	31
Financial Position	32
Cashflow.....	33
Capital Program	35
Net Operating Cost of Service by Service Activity	36



EXECUTIVE SUMMARY

Overall Financial Health Assessment:  Altham Z-Score: **39.18/2.6** ⁽¹⁾

Cash & Term Deposits on Hand: **\$8.9M**

Council owes a total of **\$8.1M** to other parties

Term Investments Valued at: **\$10.2M**

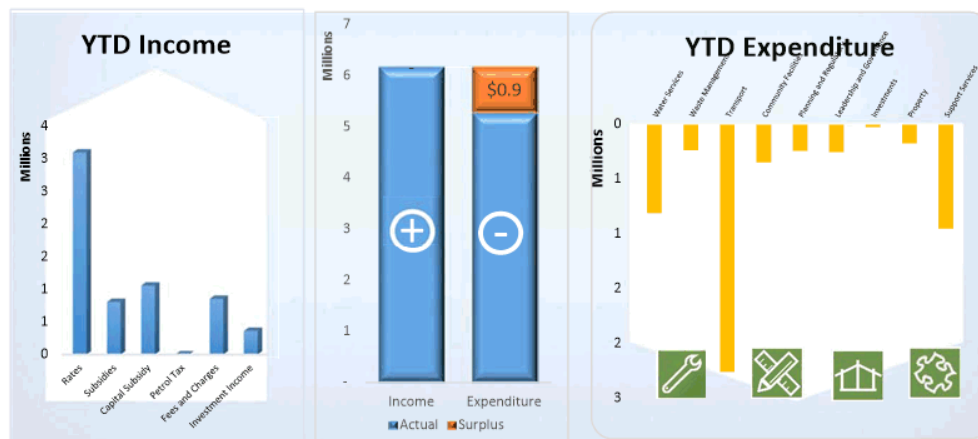
Council is currently worth: **\$263.4M**

Capital spending YTD: **\$1.8M**

Council has total assets of **\$271.6M**



Year to date net surplus of **\$0.73M**, (Budget \$1.42M)

forecasting a net surplus of **\$1.12M** (Budget \$1.81M) for the year, including an estimate of \$42M for asset revaluation due as at 30 June 2017.



(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.

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

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



ANALYSIS

This report is for the 2016/17 Financial Year (FY) representing the periods from 1 July 2016 to 31 December 2016, or period 6 of this Financial Year.

Financial Risks are detailed on page 26 of this report and total: \$0.76M. This is split between Operational and Capital Risks as per the following tables. The summary of assessed risk levels for all items at this time is:

Summary of Operational Risks			Summary of Capital Risks		
Crystallised	0	0%	Crystallised	0	0%
Low	0	0%	Low	763,000	100%
Considerable	0	0%	Considerable	0	0%
High	0	0%	High	0	0%
Extreme	0	0%	Extreme	0	0%
Total	0		Total	763,000	

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 ⁽²⁾	51 Days	
Rates Debtors Collection Period	170 Days	
Working Capital	\$10,570,410	\$11,471,187
Working Capital Ratio ⁽³⁾	5.7:1	2.1:1
Liquid Ratio ⁽⁴⁾	6.8:1	1.6:1

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. The provision for doubtful debts has not been recalculated.

² The average number of days that it takes a Debtor to pay his/her account

³ Represents the total current assets available to meet each dollar of total current liabilities

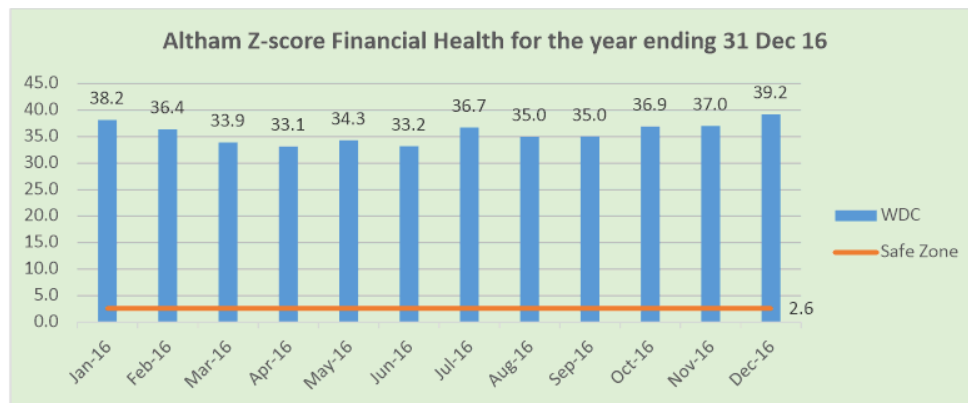
⁴ Represents the cash available to pay each dollar of trade creditors as at the end of the period



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 considered likely 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

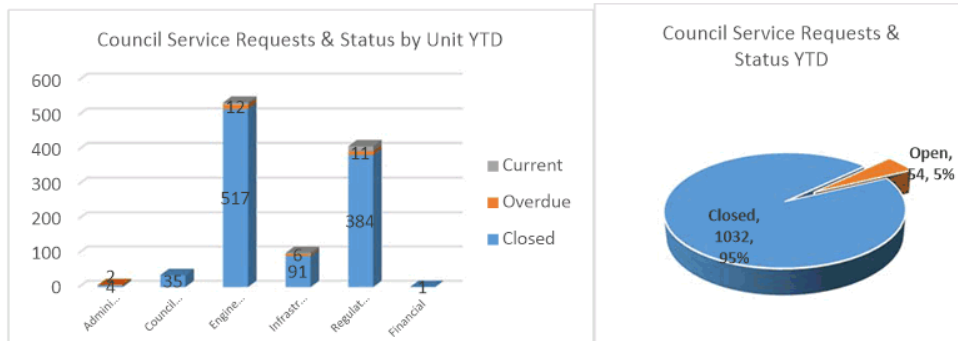
Accordingly, the Wairoa District Council, on the basis of this calculation has a strong, safe and stable outlook. This score is significantly influenced by the ongoing low level of long-term external debt currently employed by the Council, and as there are no expectations of this changing in the near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

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016

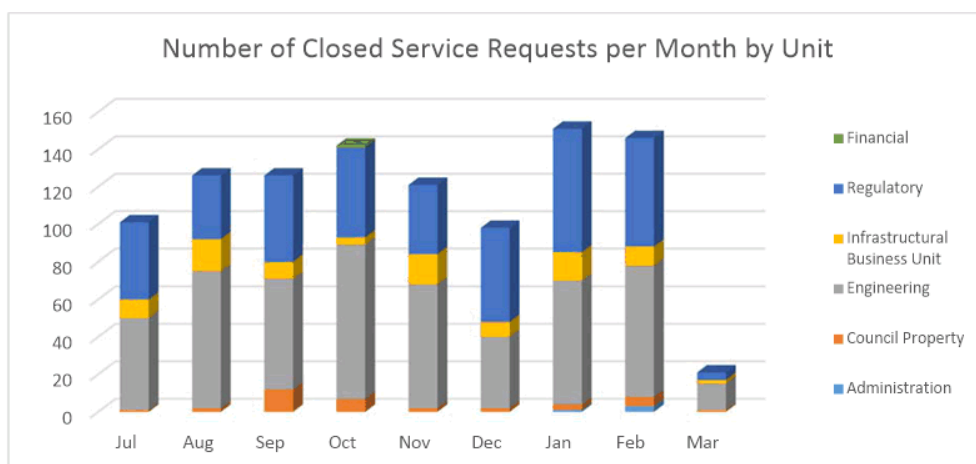
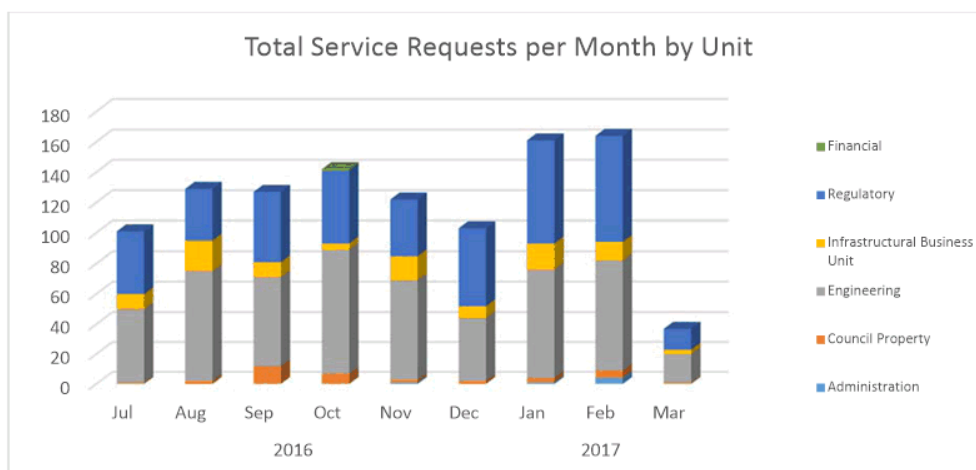


Service Requests

For the year to date 1,086 CSR's have been received by Council. This is proportional to the total number of requested received last year. Analysis of the received requests is:



Engineering staff have focused on systems to ensure prompt closure of CSR's and the reduction of overdue CSR's from the last report to this is the effectiveness of this focus.



WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Councillor Spending YTD

The Local Government (Members Interests) Act 1968 states that an elected member or any related party/entity of that member may not receive more than \$25,000 for the provision of services for any financial year, without approval from the Office of the Auditor General. This does not include payment of Councillor Fees.

The following table reflects the known spending for each member of Council as at the time of preparation of this report for this financial year:

Councillor	Last Invoice	Invoiced / Paid	PO's Raised Not Complete	Total	Limit	Tendered	Position
Cr Johansen	Oct 2016	14,157.65	345.00	14,502.65	25,000.00	0.00	No Breach of Limit
Cr Bird	Sep 2016	17.25	0.00	17.25	25,000.00	0.00	No Breach of Limit
Cr Eaglesome-Karekare	Jan 2013	0.00	0.00	0.00	25,000.00	0.00	No Breach of Limit
Cr Flood	N/A	0.00	0.00	0.00	25,000.00	0.00	No Breach of Limit
Cr Harker	Jan 2013	0.00	0.00	0.00	25,000.00	0.00	No Breach of Limit
Cr Lambert	N/A	0.00	0.00	0.00	25,000.00	0.00	No Breach of Limit
Mayor Little	N/A	0.00	0.00	0.00	25,000.00	0.00	No Breach of Limit

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016

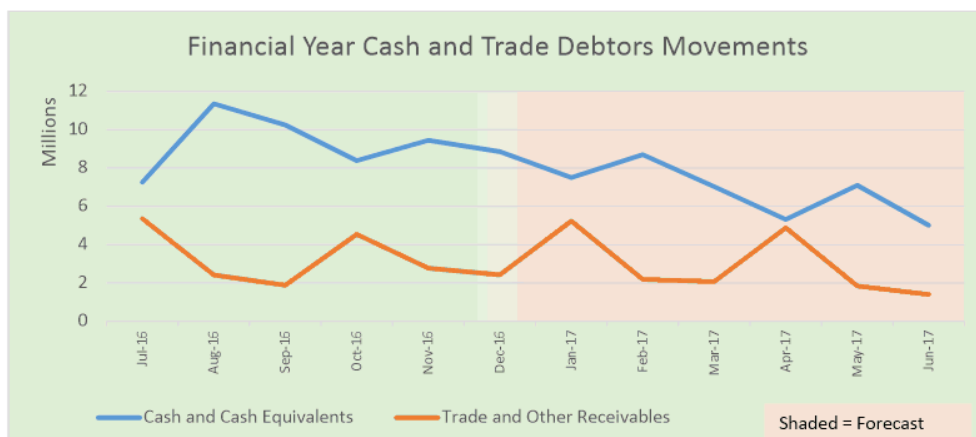


Financial Position Indicators

Current Assets

Current assets balances are:

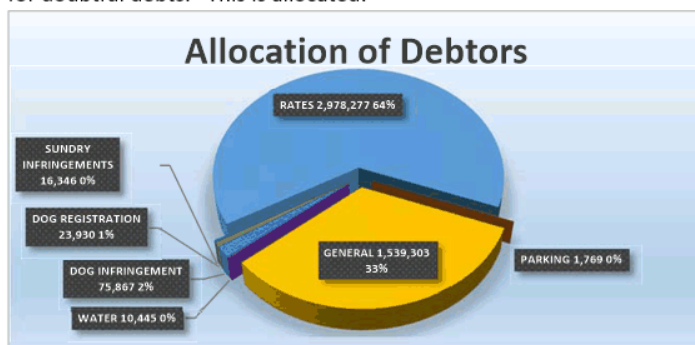
Measure	Actual	Annual Plan Position	Forecast 30 June 2017
Non-Interest Bearing Cash & Equivalents	\$98,338	\$140,775	\$92,389
Interest Bearing Cash on Hand, Term Deposits & Investments due this year	\$10,297,462	\$12,296,988	\$6,485,740
Receivables	\$2,424,359	\$3,105,621	\$1,398,883
Total Current Assets	\$12,824,079	\$15,547,305	\$7,980,932



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 remains at approx. \$1M above expectations due to the current underspend in capital items for the year to date. WDC continues to have sufficient cash available to meet requirements.

Accounts Receivable

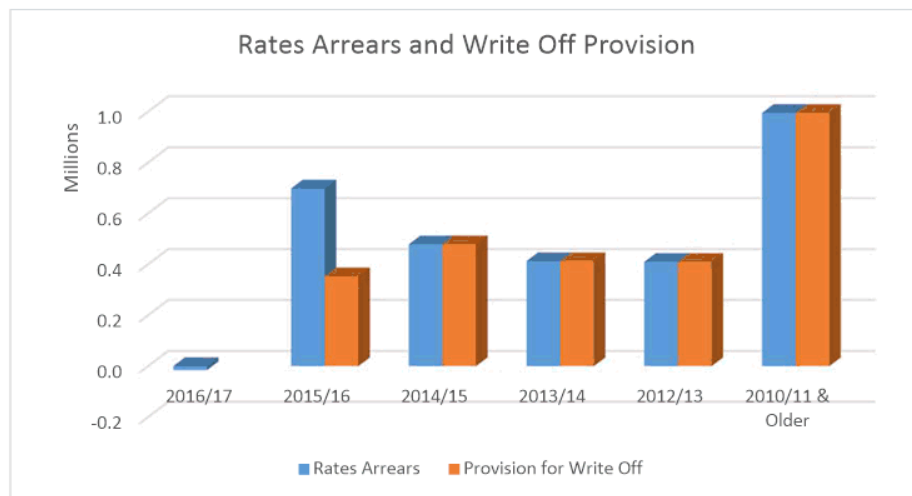
Currently WDC has recorded debtors of \$2.4M. Gross receivables are \$4.6M, before the provisions for doubtful debts. This is allocated:



WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Analysis of rates arrears by financial year is:

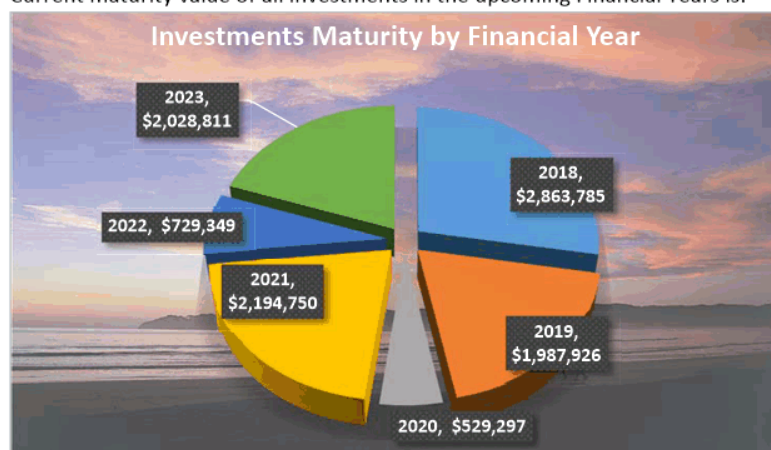


Prior year’s rates arrears are primarily the uncollectable amounts on Maori freehold land (unoccupied, unused land, or land subject to a fragmented ownership structure). Rates arrears are written off after 7 years as statute barred rates, however anything younger than this is retained in the debtor’s database for staff to attempt collection. We allow for debt older than 3 years to be uncollectable. The current provision stands at a total of \$2.6M. The current year shows as an over-collection as at the end of December as there are a number of ratepayers that are on payment plans and who pay by AP in advance of the instalment coming due. The value of this collection is in advance of the charges for this period. This is allowing

General Debtors is a combination of water arrears (ongoing) and the Eastland Group Limited invoice that has since been paid.

Investments

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



WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



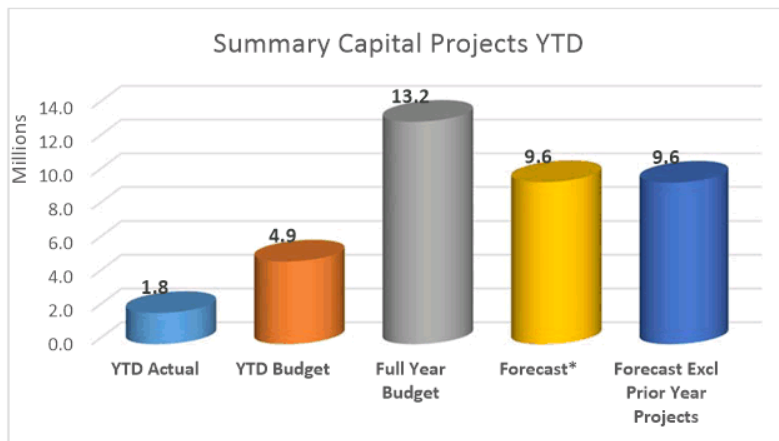
WDC long term cash investments hold a current market value of \$10,159,976, of which \$1,540,568 is due to mature within the next 12 months. The weighted average investment maturity term is 3.32 years or 39.8 months, with a weighted average coupon interest rate of 5.10%.

Investment opportunities have current yields in the 3.5-4% range. A long range risk exists in that investments with a face value of \$2.94M due to mature in the 2018 financial year that hold coupon rates of 4.94-6.52% at an average of 5.36%, for FY2019 \$1.99M at 5.67%. For the two years this is a drop in average income of \$40,025 and 30,975 respectively, which represents a 0.7% increase in rating requirement in the second year and beyond. By 2021 this is estimated to increase to 0.9%.

One investment has been entered into since the date of this report. This was \$250,000 into an ASB Bank Bond from an initial offer that has a coupon interest rate of 4.2%, due to mature 22 Feb 2022.

Capital Programs

To the end of December capital and renewal programs report as being within target. Year to date total expenditure of \$1.8M compared with the \$4.9M budget. \$1.97M in capital subsidies have been invoiced, including \$0.5M of subsidies for 2015/16 Tawhara Reservoir costs.

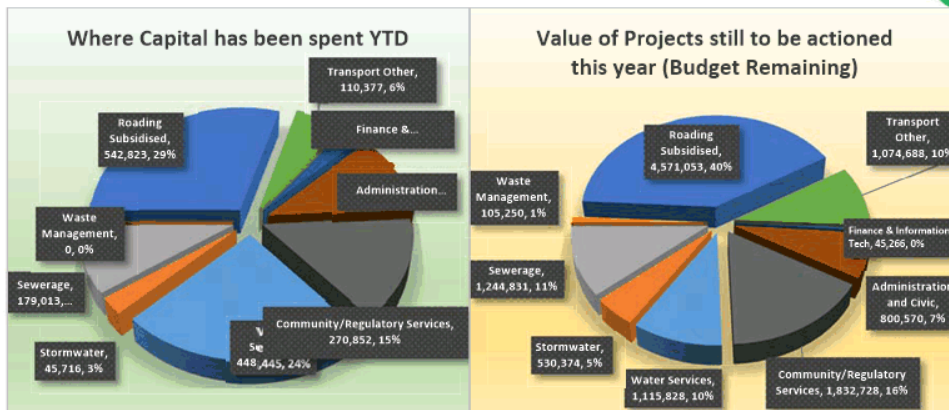


* Forecasted expenditure is actual year to date PLUS budgets for the remainder of the year, PLUS over-spent projects. Assumptions are that; 1 all future planned project costs will be incurred (as phased), 2 underspent projects will not be spent this year

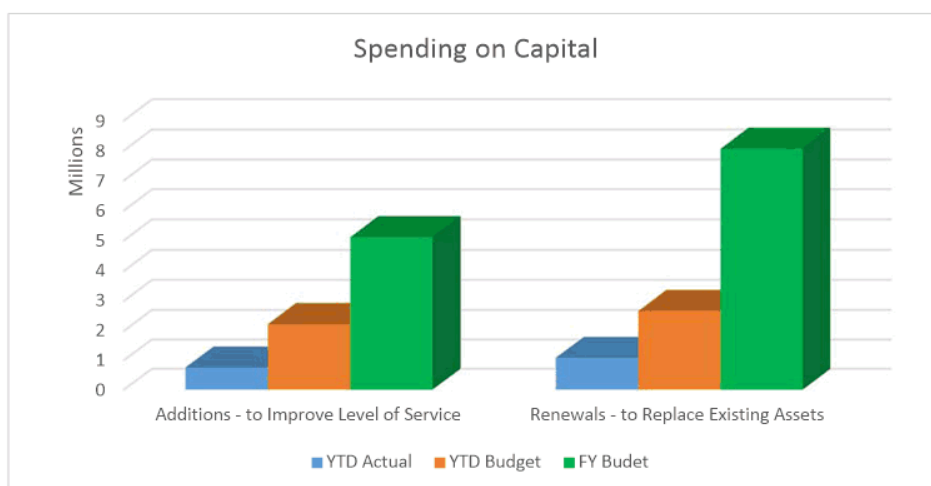
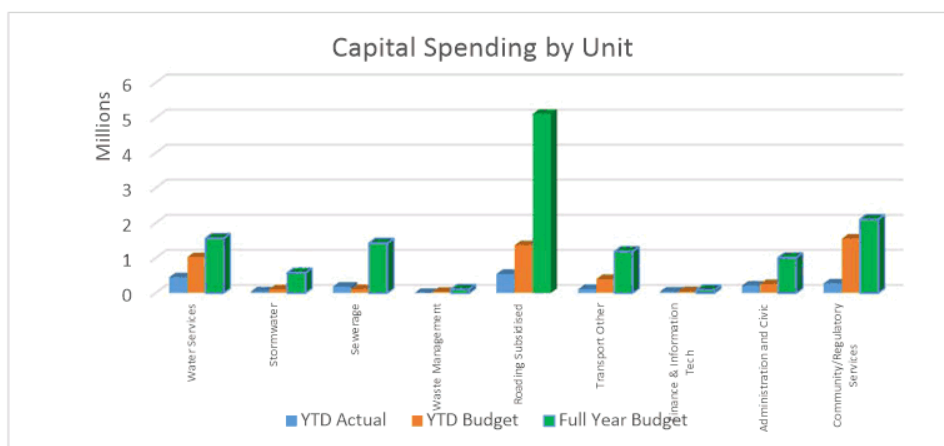
Impactors on this result are:

1. \$0.77M of funding for the Community Pool development project that was included in the Long Term Plan for this year and brought into the annual plan (budget) during the development of the plan. This project was completed last financial year, ahead of the original project plan, and this planned funding will not be spent in the current financial year. This was included in the Community/Regulatory Services budget.
2. \$0.72M of Emergency Works budgets that have not been required for the year to date.
3. \$1.82M A number of projects that had planned to be completed by 31 Dec

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



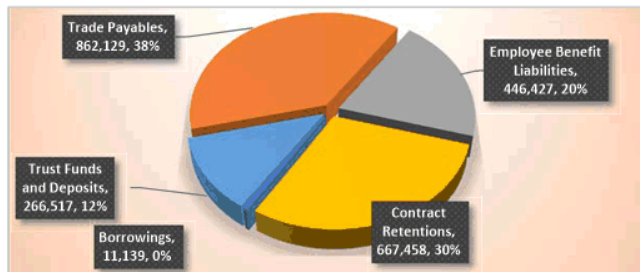
The colour coding of these two graphs is the same for each unit.





Current Liabilities

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

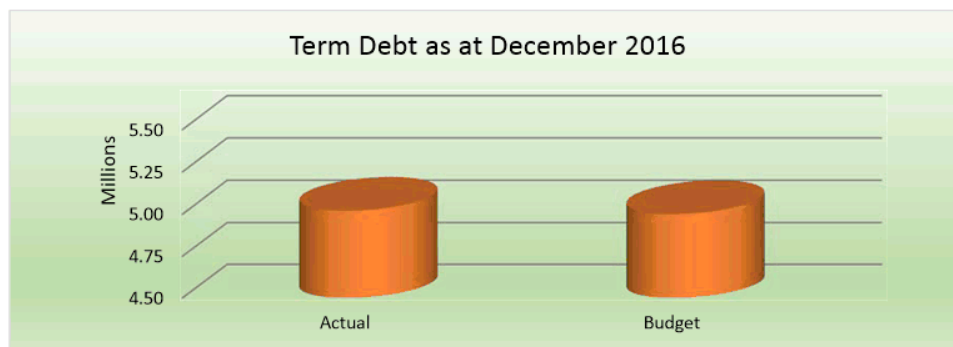


Measure	Actual	Budget or Target
Trade and Employee Liabilities	\$1,308,556	\$4,076,118
Contract Retentions	\$667,458	\$NIL
Total Current Liabilities	\$2,253,669	\$4,076,118
Creditor Payment Days ⁽¹⁾	11 Days	44 Days

(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 has improved as the EPO system becomes more widely and more effectively utilised. Employee Liabilities are the normal Holiday and Sick pay accrued by staff. Trade accruals and payables are significantly less than normal as contractors had been asked to provide claims for December earlier in the month with the closure of the office over the Christmas period so that these could be paid and cleared prior to the end of the month.

Term Debt



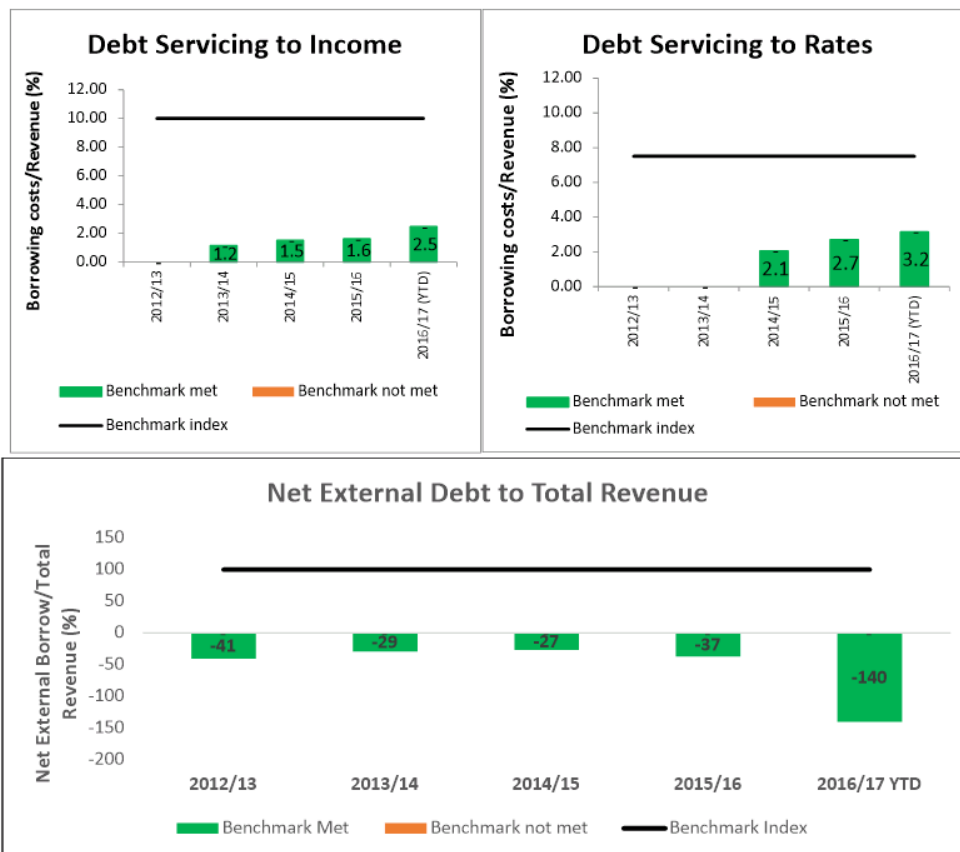
External Borrowing is \$5.0M (budget \$5.0M) for the year. Borrowings are a 5 year fixed term loan at 6.05% interest rate, due for repayment October 2018. No additional external borrowings has been planned for the financial year with new capital projects funded from internal cash reserves.

Council also holds a \$0.76M (Budget \$0.48M) 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:



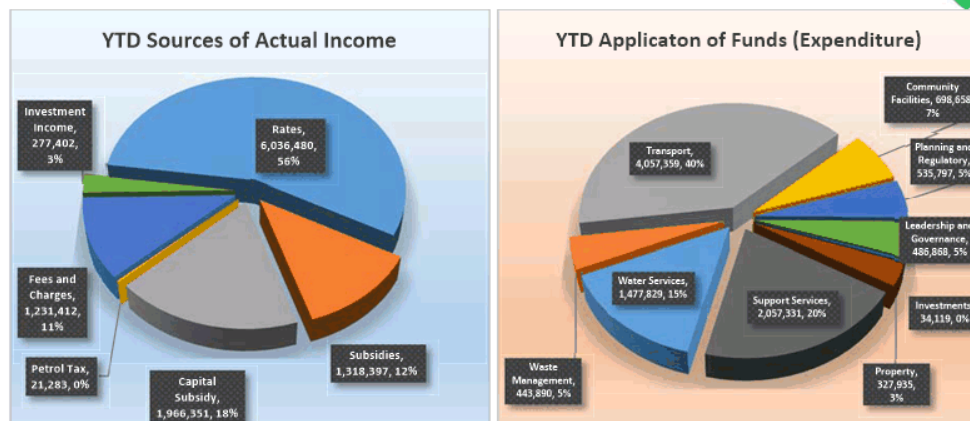
1 Net External Debt is calculated as Term Borrowings plus Current Liabilities; less Cash, Term Deposits and Financial Assets at fair Value. As at 31 December 2016 Net Debt is \$(13.0M), indicating that we have greater cash reserves than external debt.

Calculation of these measures shows that Council currently holds approx. \$2.50 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 an interest penalty, currently costed at \$0.2M.

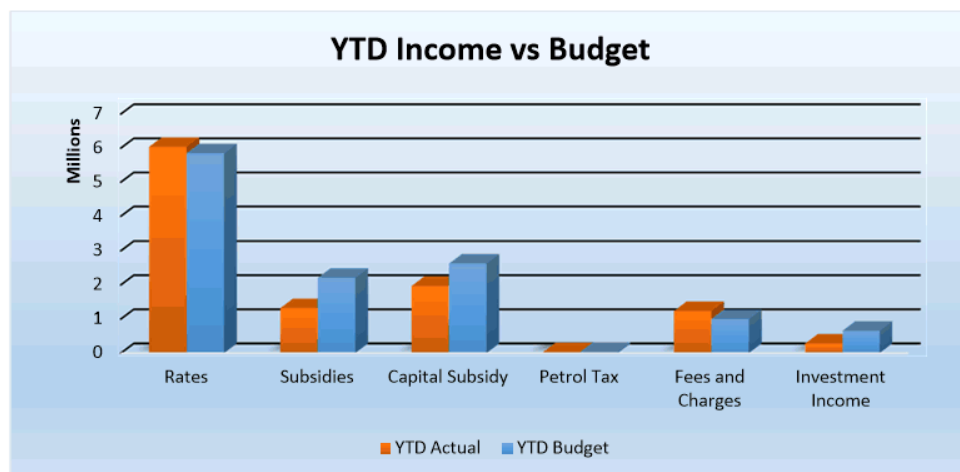
Sources of Income and Application of Funds

For the year to date Council has a net surplus of \$0.73M (Budget: net surplus of \$1.42M). Total income year to date was \$10.9M and application of funds for the year to date has been \$10.1M. Income and expenditure are analysed for the year to date as:

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Rates were budgeted to reflect 56% of total income (excluding revaluations) over the year and as per our Financial Strategy must not exceed 60% of our total revenue. We are currently within this limitation.



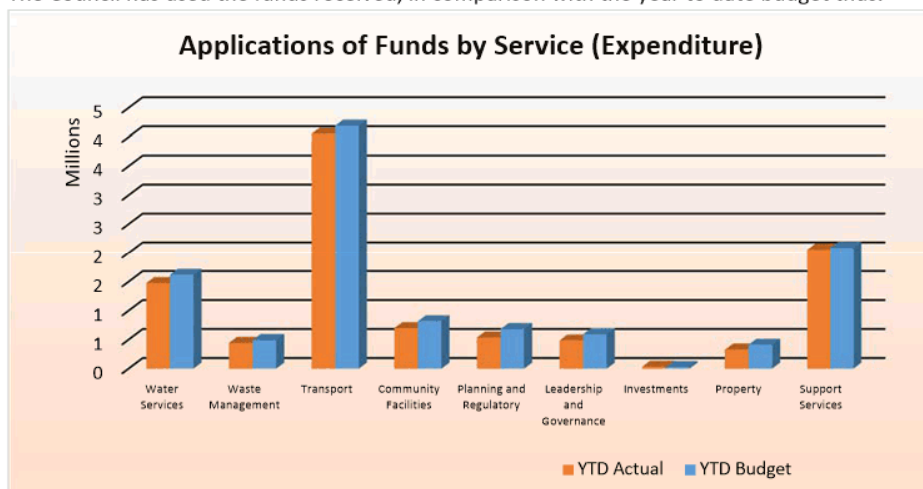
The under-recovery of operating subsidies is due to an YTD \$0.35M shortfall for NZTA Operational Subsidy for emergency work budget not required to have been spent.

Capital Subsidy income presents an YTD \$0.68M shortfall in NZTA Capital Subsidy for emergency work budget not required to have been spent offset partially by additional YTD \$0.49M Ministry of Health Capital Subsidy in advance of plan for the Tawhara Reservoir.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



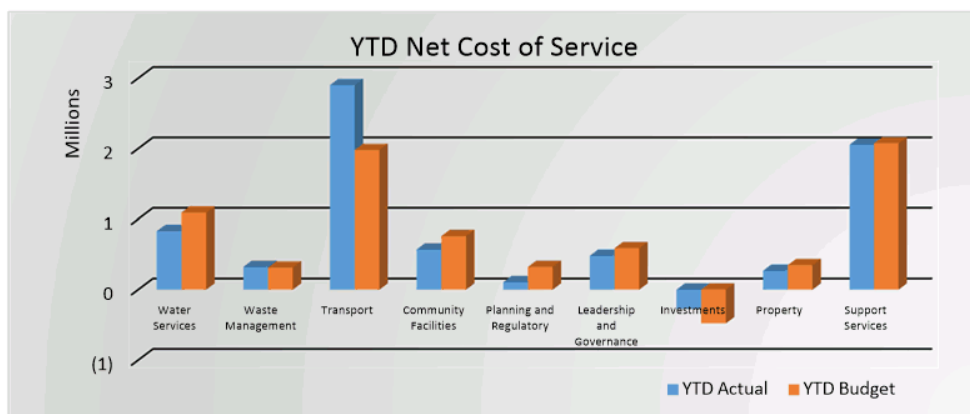
The Council has used the funds received, in comparison with the year to date budget thus:



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

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. 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	6,036	5,846	191	11,882	11,691	191
Subsidies	1,318	2,206	-887	3,524	4,412	-887
Capital Subsidy	1,966	2,620	-654	4,587	5,240	-654
Petrol Tax	21	33	-12	54	66	-12
Fees and Charges	1,231	998	234	2,050	1,816	234
Investment Income	277	653	-376	931	1,307	-376
Total Income	10,851	12,356	-1,504	23,028	24,532	-1,504

Subsidy income under-recovery is detailed above and results from work not required for the year to date. The additional Fees and Charges income is provision adjustment made last year. This variance will be reviewed at the end of the year for any continuing movement. The rating over recovery is the charging of penalties after the first instalment was charged for the year

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	1,478	1,620	142	3,848	3,990	142
Waste Management	444	493	49	1,099	1,148	49
Transport	4,057	4,195	137	9,657	9,795	137
Community Facilities	699	817	119	1,886	2,005	119
Planning and Regulatory	536	684	148	1,688	1,836	148
Leadership and Governance	487	596	109	2,393	2,503	109
Investments	34	27	-7	709	702	-7
Property	328	413	85	617	702	85
Support Services	2,057	2,089	31	11	42	31
Total Expenses	10,120	10,933	814	21,909	22,722	814

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

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Water Services

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2014/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(967,052)	(936,458)	(1,872,917)	(1,049,512)	(2,027,155)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(762,318)	(538,548)	(1,077,091)	(508,182)	(972,481)
Interest and Dividends from Investments	-	(164,802)	(329,612)	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(1,729,370)	(1,639,808)	(3,279,620)	(1,557,695)	(2,999,637)
Application of Operating Funding					
Payments to staff and suppliers	924,870	1,056,152	2,143,718	(1,361,720)	484,408
Finance costs	151,664	156,228	312,456	112,892	291,308
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	1,076,534	1,212,380	2,456,174	(1,248,828)	775,717
Surplus (Deficit) of Operating Funding	652,835	427,428	823,446	2,806,522	2,223,920
Source of Capital Funding					
Subsidies and grants for capital expenditure	(1,250,000)	(742,002)	(1,484,000)	(1,055,000)	(1,325,000)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	(127,324)	(62,148)	(124,293)	2,446,100	2,446,100
Total Source of Capital Funding	(1,377,324)	(804,150)	(1,608,293)	1,391,100	1,121,100
Total Sources of capital funding	(1,377,324)	(804,150)	(1,608,293)	1,391,100	1,121,100
Application of Capital Funding					
Capital expenditure - to improve the level of service	99,550	163,800	843,526	183,435	84,878
Capital expenditure - to replace existing assets	2,217,938	1,074,485	3,087,351	181,468	2,207,985
Increase (Decrease) in Reserves	(287,328)	(6,707)	(1,499,138)	1,050,519	(1,190,043)
Total Application of Capital Funding	2,030,160	1,231,578	2,431,739	1,415,422	1,102,820
Total application of capital funding	2,030,160	1,231,578	2,431,739	1,415,422	1,102,820
Surplus (Deficit) of Capital Funding	(652,835)	(427,428)	(823,446)	(2,806,522)	(2,223,920)
Funding Balance	-	-	-	-	-

Charges to commercial consumers are well advanced of the annual budget for the year to date period from the provision made at the end of the last financial year. Capital Subsidies are in advance of plan from income received from funding charged for Tawhara Reservoir costs incurred in the last financial year invoiced to the Ministry of Health after the end of the year. Lump Sum Contributions for the Mahia and Opoutama Wastewater schemes have been invoiced in July and are comparable to the full year budgets.

The overspend showing in capital includes \$1.6M of work in progress brought forward for the Tawhara Reservoir work in progress that was funded last financial year.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Waste Management

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2016/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(324,265)	(314,007)	(628,014)	(321,592)	(621,161)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(119,706)	(176,688)	(353,369)	(77,380)	(373,513)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(443,971)	(490,695)	(981,383)	(398,971)	(994,675)
Application of Operating Funding					
Payments to staff and suppliers	396,388	444,201	893,480	314,612	869,321
Finance costs	-	1,500	3,000	-	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	396,388	445,701	896,480	314,612	869,321
Surplus (Deficit) of Operating Funding	47,583	44,994	84,903	84,359	125,354
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	-	35,250	155,250	18,725	42,323
Capital expenditure - to replace existing assets	-	-	-	-	-
Increase (Decrease) in Reserves	47,583	9,744	(70,347)	65,634	83,031
Total Application of Capital Funding	47,583	44,994	84,903	84,359	125,354
Total application of capital funding	47,583	44,994	84,903	84,359	125,354
Surplus (Deficit) of Capital Funding	(47,583)	(44,994)	(84,903)	(84,359)	(125,354)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	47,502	47,502	95,000	48,155	96,310

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Transport

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(1,140,286)	(1,104,212)	(2,208,425)	(1,239,354)	(2,393,839)
Subsidies and grants for operating purposes	(1,148,818)	(2,181,414)	(4,362,823)	(381,706)	(4,580,750)
Fees charges and targeted rates for water supply	(281,060)	(32,058)	(64,123)	(361,117)	(832,827)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and c	-	-	-	-	-
Total Source of Operating Funding	(2,570,164)	(3,317,684)	(6,635,371)	(1,982,177)	(7,807,416)
Application of Operating Funding					
Payments to staff and suppliers	3,298,782	2,930,938	5,869,151	3,717,504	7,449,683
Finance costs	-	10,218	20,434	-	-
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	3,298,782	2,941,156	5,889,585	3,717,504	7,449,683
Surplus (Deficit) of Operating Funding	(728,617)	376,528	745,786	(1,735,327)	357,733
Source of Capital Funding					
Subsidies and grants for capital expenditure	(716,351)	(1,878,240)	(3,756,478)	(394,554)	(1,893,569)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	(716,351)	(1,878,240)	(3,756,478)	(394,554)	(1,893,569)
Total Sources of capital funding	(716,351)	(1,878,240)	(3,756,478)	(394,554)	(1,893,569)
Application of Capital Funding					
Capital expenditure - to improve the level of service	391,702	576,286	2,299,209	320,083	1,011,189
Capital expenditure - to replace existing assets	572,901	1,175,661	4,604,509	504,802	2,079,754
Increase (Decrease) in Reserves	(976,869)	502,821	(2,401,454)	(2,165,659)	(839,640)
Total Application of Capital Funding	(12,266)	2,254,768	4,502,264	(1,340,773)	2,251,302
Total application of capital funding	(12,266)	2,254,768	4,502,264	(1,340,773)	2,251,302
Surplus (Deficit) of Capital Funding	728,617	(376,528)	(745,786)	1,735,327	(357,733)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	1,698,210	1,816,376	2,724,564	1,273,657	2,547,315

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Community Facilities

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(809,467)	(783,859)	(1,567,719)	(799,809)	(1,544,848)
Subsidies and grants for operating purposes	(131,649)	(24,462)	(48,926)	(94,863)	(46,244)
Fees charges and targeted rates for water supply	(15,103)	(30,564)	(61,151)	(23,819)	(56,757)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(956,220)	(838,885)	(1,677,796)	(918,491)	(1,647,848)
Application of Operating Funding					
Payments to staff and suppliers	627,366	719,400	1,533,648	537,627	1,366,598
Finance costs	2,637	29,718	59,430	-	530
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	(6,998)	-	-	(6,325)	(7,600)
Total Application of Operating Funding	623,004	749,118	1,593,078	531,302	1,359,528
Surplus (Deficit) of Operating Funding	333,216	89,767	84,718	387,189	288,320
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	415,588	336,490	960,631	70,205	418,904
Capital expenditure - to replace existing assets	63,923	200,250	200,250	52,735	118,014
Increase (Decrease) in Reserves	(146,296)	(446,973)	(1,076,163)	264,249	(248,598)
Total Application of Capital Funding	333,216	89,767	84,718	387,189	288,320
Total application of capital funding	333,216	89,767	84,718	387,189	288,320
Surplus (Deficit) of Capital Funding	(333,216)	(89,767)	(84,718)	(387,189)	(288,320)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	75,654	75,660	151,318	75,441	150,881

The overspend showing in capital includes \$208k of work in progress brought forward and funded last year.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Planning and Regulatory

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(104,807)	(101,492)	(202,983)	(266,934)	(515,589)
Subsidies and grants for operating purposes	(57,930)	-	-	(80,267)	(22,337)
Fees charges and targeted rates for water supply	(371,601)	(358,756)	(572,160)	(308,754)	(484,371)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(534,338)	(460,248)	(775,143)	(655,955)	(1,022,297)
Application of Operating Funding					
Payments to staff and suppliers	497,826	651,879	1,353,395	422,715	1,002,833
Finance costs	10,941	3,516	7,035	2,910	10,654
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	508,767	655,395	1,360,430	425,626	1,013,486
Surplus (Deficit) of Operating Funding	25,571	(195,147)	(585,287)	230,330	8,811
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	9,185	92,250	161,250	71,722	94,808
Capital expenditure - to replace existing assets	-	2,334	7,000	83,871	98,742
Increase (Decrease) in Reserves	16,386	(289,731)	(753,537)	74,736	(184,739)
Total Application of Capital Funding	25,571	(195,147)	(585,287)	230,330	8,811
Total application of capital funding	25,571	(195,147)	(585,287)	230,330	8,811
Surplus (Deficit) of Capital Funding	(25,571)	195,147	585,287	(230,330)	(8,811)
Funding Balance	-	-	-	-	(0)
Depreciation and Amortisation	27,324	27,330	54,644	19,786	39,571

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

These costs were part of the rates smoothing activity included in the 2015-25 LTP.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Leadership and Governance

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(581,278)	(562,889)	(1,125,778)	(428,719)	(828,079)
Subsidies and grants for operating purposes	-	-	-	(2,000)	(2,000)
Fees charges and targeted rates for water supply	(5,631)	(6,425)	(16,220)	(9,759)	(25,079)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(586,909)	(569,314)	(1,141,998)	(440,477)	(855,158)
Application of Operating Funding					
Payments to staff and suppliers	485,146	592,883	1,257,490	422,529	977,723
Finance costs	1,135	252	505	201	1,431
Internal Charges and Overheads applied	-	-	-	-	-
Total Application of Operating Funding	486,281	593,135	1,257,995	422,730	979,154
Surplus (Deficit) of Operating Funding	100,628	(23,821)	(115,997)	17,747	(123,996)
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	42,981	92,000	389,000	-	7,231
Capital expenditure - to replace existing assets	-	-	-	1,250	1,250
Increase (Decrease) in Reserves	57,647	(115,821)	(504,997)	16,497	(132,477)
Total Application of Capital Funding	100,628	(23,821)	(115,997)	17,747	(123,996)
Total application of capital funding	100,628	(23,821)	(115,997)	17,747	(123,996)
Surplus (Deficit) of Capital Funding	(100,628)	23,821	115,997	(17,747)	123,996
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	3,600	3,600	7,200	4,035	8,070

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Investments

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	166,078	160,824	321,648	90,777	175,337
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(15,825)	(408)	(820)	(293)	(3,491)
Interest and Dividends from Investments	(269,542)	(472,452)	(615,293)	(322,942)	(1,067,879)
Local authorities fuel tax fines infringement fees and other receipts	(21,283)	(32,810)	(65,626)	(15,676)	(71,514)
Total Source of Operating Funding	(140,572)	(344,846)	(360,091)	(248,134)	(967,547)
Application of Operating Funding					
Payments to staff and suppliers	29,751	17,830	25,443	17,721	12,802
Finance costs	4,368	9,084	346,648	3,326	387,178
Total Application of Operating Funding	34,119	26,914	372,091	21,047	399,980
Surplus (Deficit) of Operating Funding	106,453	317,932	(12,000)	227,087	567,567
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	106,453	317,932	(12,000)	227,087	567,567
Total application of capital funding	106,453	317,932	(12,000)	227,087	567,567
Surplus (Deficit) of Capital Funding	(106,453)	(317,932)	12,000	(227,087)	(567,567)
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	-	-	-	-	-

Interest income from investments and gains on market value are well advanced against annual budget due to the amount of cash being available for continued investment in excess of budget. There is future year income risk on maturing investments over the upcoming years, but the current financial year indicates that we will be on or ahead of target for interest income.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Property

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(164,010)	(158,822)	(317,644)	(91,108)	(175,977)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(57,901)	(60,090)	(120,195)	(41,831)	(94,762)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(221,912)	(218,912)	(437,839)	(132,939)	(270,739)
Application of Operating Funding					
Payments to staff and suppliers	84,253	133,924	273,511	179,522	304,319
Finance costs	-	29,970	59,940	-	-
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	84,253	163,894	333,451	179,522	304,319
Surplus (Deficit) of Operating Funding	137,659	55,018	104,388	(46,582)	(33,580)
Source of Capital Funding					
Subsidies and grants for capital expenditure	-	-	-	-	(390,000)
(Increase) decrease in debt	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Total Source of Capital Funding	-	-	-	-	(390,000)
Total Sources of capital funding	-	-	-	-	(390,000)
Application of Capital Funding					
Capital expenditure - to improve the level of service	12,824	768,000	768,000	1,562,239	1,810,212
Capital expenditure - to replace existing assets	72,321	206,656	327,736	92,789	124,141
Increase (Decrease) in Reserves	52,513	(919,638)	(991,348)	(1,701,610)	(1,577,933)
Total Application of Capital Funding	137,659	55,018	104,388	(46,582)	356,420
Total application of capital funding	137,659	55,018	104,388	(46,582)	356,420
Surplus (Deficit) of Capital Funding	(137,659)	(55,018)	(104,388)	46,582	33,580
Funding Balance	-	-	-	-	-
Depreciation and Amortisation	247,998	247,992	495,989	234,148	468,296

Included in the Pensioner Housing Unit budgets are additional costs from the capital project for the exterior repainting of the Lambert Flats.

The short-fall in capital is the budgeted Community pool project funding that was included in the Long Term Plan for this year and carried over into the Annual Plan. This project was completed last year and this funding will not be required over the balance of this year. This will result in an overall underspend in capital against budget but presents no risk to Council operations or outcome.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Support Services

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
Rates	(2,111,392)	(2,044,596)	(4,089,193)	(1,799,723)	(3,476,202)
Subsidies and grants for operating purposes	-	-	-	-	-
Fees charges and targeted rates for water supply	(1,655)	(4,350)	(8,707)	(523)	(12,418)
Interest and Dividends from Investments	-	-	-	-	-
Local authorities fuel tax fines infringement fees and other receipts	-	-	-	-	-
Total Source of Operating Funding	(2,113,047)	(2,048,946)	(4,097,900)	(1,800,246)	(3,488,620)
Application of Operating Funding					
Payments to staff and suppliers	1,976,093	1,989,000	4,096,961	1,635,474	3,637,239
Finance costs	19,233	41,108	87,469	27,763	54,771
Internal Charges and Overheads applied	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Total Application of Operating Funding	1,995,326	2,030,108	4,184,430	1,663,237	3,692,010
Surplus (Deficit) of Operating Funding	117,721	18,838	(86,530)	137,009	(203,390)
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	122,379	182,148	401,500	20,229	59,983
Capital expenditure - to replace existing assets	17,900	7,600	445,375	10,688	92,175
Increase (Decrease) in Reserves	(22,558)	(170,910)	(933,405)	106,092	(355,548)
Total Application of Capital Funding	117,721	18,838	(86,530)	137,009	(203,390)
Total application of capital funding	117,721	18,838	(86,530)	137,009	(203,390)
Surplus (Deficit) of Capital Funding	(117,721)	(18,838)	86,530	(137,009)	203,390
Funding Balance					
	-	-	-	-	-
Depreciation and Amortisation	70,482	70,482	140,967	76,509	153,018



FINANCIAL RISKS

No Operational Financial Risks have been assessed as the end of the Period.

Area	Risk	Amount	Type	Description	Risk Level	Impact Showing In
Rating Income	Breach of Financial Policy		Income	Under the Treasury Policy adopted in the 2015/25 LTP Rates, must be less than 60% of the total revenue of the organisation. If Capital Subsidies remain at a low level there is the possibility that this could be breached, with the next instalment date impacting the General Ledger, that being January 2017.	Low	Comprehensive Income Statement

Capital Risks assessed as the end of the Period are:

Area	Risk	Amount	Type	Description	Risk Level	Finance Impact
Community Facilities	Community Pool	\$763,000	Underspend	The development of the community pool was a project completed in 2015/16 that has had budget carried forward into this year. No further expenditure will be spent on this project despite having the budget listed	Low	Interest and capital charges calculated in the budget will not be charged



Assessment Key:

Assessing levels of risk is based on the following matrix that has been developed as part of a draft risk policy:

Likelihood	Likely	Considerable	Considerable	High	Extreme	Extreme
	Moderate	Low	Considerable	High	High	Extreme
	Rare	Low	Low	Considerable	High	High
	Very Rare	Low	Low	Considerable	Considerable	Considerable
	Unanticipated	Low	Low	Low	Low	Considerable
		Minor	Moderate	Significant	High	Extreme
Consequence						

Financial Risk Consequence is defined as:

Category	1. Minor	2. Moderate	3. Significant	4. High	5. Extreme
Financial	Direct loss or increased cost of up to \$10K	Direct loss or increased cost of ~\$10 to \$50K	Direct loss or increased cost of ~\$50K to \$100K	Direct loss or increased cost of ~\$100K to \$1M	Direct loss or increased cost of over \$1M

Likelihood is defined as:

1. Likely	2. Moderate	3. Rare	4. Very rare	5. Unanticipated
<ul style="list-style-type: none"> · The event will probably occur in most circumstances; or, · Not quarterly but within 6 months. · ~70% chance of occurring in the next 12 months. 	<ul style="list-style-type: none"> · The event will possibly occur at some time; or, · Not within 6 months but at least annually. · ~50% chance of occurring in the next 12 months. 	<ul style="list-style-type: none"> · The event could occur at some time; or, · Not annually but within 3 years. · ~20-30% chance of occurring in the next 12 months. 	<ul style="list-style-type: none"> · The event may occur only in exceptional circumstances; or, · Not every 3 years but at least every 10 years. · ~10-20% chance of occurring in the next 12 months. 	<ul style="list-style-type: none"> · The event is not expected to occur; or, · Not within 10 years. · ~2% chance of occurring in the next 12 months.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 30 SEPTEMBER 2016



FINANCIAL ACCOUNTS

Whole of Council Funding Impact Statement

	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
Sources of Operational Funding					
Source of Operating Funding					
General Rates uniform annual charges rates penalties	(6,036,480)	(5,845,512)	(11,691,024)	(5,905,974)	(11,407,513)
Subsidies and grants for operating purposes	(1,318,397)	(2,205,876)	(4,411,749)	(558,836)	(4,651,331)
Fees charges and targeted rates for water supply	(1,629,410)	(1,207,887)	(2,273,836)	(1,331,658)	(2,855,699)
Interest and Dividends from Investments	(269,542)	(637,254)	(944,905)	(322,942)	(1,067,879)
Local authorities fuel tax fines infringement fees and other receipts	(21,283)	(32,810)	(42,319,683)	(15,676)	(71,514)
Total Source of Operating Funding	(9,275,112)	(9,929,339)	(61,641,197)	(8,135,086)	(20,053,937)
Application of Operating Funding					
Payments to staff and suppliers	7,773,084	8,499,223	17,287,227	8,325,759	18,543,425
Finance costs	189,978	281,594	896,917	147,093	745,872
Internal Charges and Overheads applied	0	0	0	0	0
Other operating funding applications	0	0	0	0	0
Total Application of Operating Funding	7,963,062	8,780,817	18,184,144	8,472,852	19,289,298
(Surplus) Deficit of Operating Funding	(1,312,050)	(1,148,522)	(43,457,053)	337,767	(764,639)
Source of Capital Funding					
Subsidies and grants for capital expenditure	(1,966,351)	(2,620,242)	(5,240,478)	(1,449,554)	(3,608,569)
Increase (decrease) in debt	(3,645)	0	0	0	34,018
Lump sum contributions	(127,324)	(62,148)	(124,293)	0	0
Total Source of Capital Funding	(2,097,321)	(2,682,390)	(5,364,771)	(1,449,554)	(3,574,552)
Total Sources of capital funding	(2,097,321)	(2,682,390)	(5,364,771)	(1,449,554)	(3,574,552)
Application of Capital Funding					
Capital expenditure - to improve the level of service	1,058,834	2,236,174	4,503,880	2,246,640	121,445
Capital expenditure - to replace existing assets	1,095,409	2,666,986	8,672,221	927,603	1
Total Application of Capital Funding	2,154,243	4,903,160	13,176,101	3,174,243	121,446
Total application of capital funding	2,154,243	4,903,160	13,176,101	3,174,243	121,446
(Surplus) Deficit of Capital Funding	56,923	2,220,770	7,811,330	1,724,689	(3,453,106)
Funding Balance (General Rates)	(1,255,128)	1,072,248	(35,645,723)	2,062,455	(4,217,745)
Reserves Calculation					
Depreciation and Amortisation	2,366,088	2,366,088	4,732,153	2,170,179	4,340,358

Rates will show above budget throughout the year as the provision for doubt rates is updated rather than on a monthly basis. Overall the expected outturn is expected to be on budget.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



	Actual 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	Actual 2015/16 (YTD)	Actual 2015/16 (Full Year)
FIS Reconciliation to Statement of Comprehensive Income					
Surplus / (Deficit) from Operations	1,312,050	1,148,522	43,457,053	(337,767)	764,639
Less Depreciation Charged *	(2,366,088)	(2,366,088)	(4,732,153)	(2,170,179)	(4,340,358)
Add Capital Subsidies	1,966,351	2,620,242	5,240,478	1,449,554	3,608,569
Add Lump sum contributions	127,324	62,148	124,293	-	-
Reconciling Surplus/(Deficit)	1,039,638	1,464,824	44,089,671	(1,058,392)	32,850
Surplus / (Deficit) per Statement of Comprehensive Income	731,540	1,422,333	44,063,778	1,002,768	57,688

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 30 SEPTEMBER 2016



Whole of Council Activity Statement

	ACTUAL 2016/17 (to date)	2016/17 Operational Plan (YTD)	2016/17 Variance (YTD)	ANNUAL BUDGET 2016/17	Remaining Budget	ACTUAL 2015/16 (to date)
Net Operating Cost of Service						
Net Expenditure/(Revenue)						
Water Services	831,490	1,091,474	(259,984)	2,932,875	2,101,385	689,090
Waste Management	324,184	313,992	10,192	784,860	460,676	237,233
Transport	2,901,696	1,978,957	922,739	5,358,311	2,456,615	3,083,701
Community Facilities	571,906	762,375	(190,469)	1,894,939	1,323,033	412,620
Planning and Regulatory	106,266	323,969	(217,703)	1,260,245	1,153,979	36,604
Leadership and Governance	482,627	589,317	(106,690)	2,477,504	1,994,877	410,972
Investments	(272,531)	(478,756)	206,225	(42,563,705)	(42,291,174)	(317,864)
Property	270,033	349,465	(79,432)	569,207	299,174	137,690
Support Services	2,055,676	2,075,645	(19,969)	(6,081)	(2,061,757)	1,662,714
Net Operating (Surplus) / Deficit	7,271,348	7,006,438	264,910	(27,291,845)	(34,563,193)	6,352,760
Rates						
General and Targeted Rates Charged	(6,036,480)	(5,845,512)	(190,968)	(11,691,024)	(5,654,544)	(5,905,974)
Capital Subsidies						
Water Reticulation System	(1,250,000)	(742,002)	(507,998)	(1,484,000)	(234,000)	0
Water Treatment Plant	0	0	0	0	0	0
Sewerage	0	0	0	0	0	(1,055,000)
Roading Subsidised	(716,351)	(1,878,240)	1,161,889	(3,756,478)	(3,040,127)	(394,554)
Community Centre	0	0	0	0	0	0
Total Net Cost of Service	(731,484)	(1,459,316)	727,832	(44,223,347)	(43,491,863)	(1,002,768)

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.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 30 SEPTEMBER 2016



Statement of Comprehensive Income and Expenditure

	Council 2016/17 Actual (YTD)	Council 2016/17 Operational Plan (YTD)	Council 2016/17 Full Year Forecast	Council 2016/17 Operational Plan (Full Year)	Council 2015/16 Actual (YTD)	Council 2015/16 Actual (Full Year)
Income						
Rates	(6,036,480)	(5,845,512)	(11,881,992)	(11,691,024)	(5,905,974)	(11,407,513)
Subsidies	(1,318,397)	(2,205,876)	(3,524,270)	(4,411,749)	(558,836)	(4,651,331)
Capital Subsidy	(1,966,351)	(2,620,242)	(4,586,587)	(5,240,478)	(1,449,554)	(3,608,569)
Petrol Tax	(21,283)	(32,810)	(54,099)	(65,626)	(15,676)	(66,731)
Fees and Charges	(1,231,412)	(997,869)	(2,049,708)	(1,816,165)	(1,091,871)	(2,319,286)
Investment Income	(277,402)	(653,436)	(930,859)	(1,306,893)	(327,111)	(1,079,610)
Reserves	0	0	0	0	0	0
Other Income	0	0	(17,252,000)	(42,254,057)	0	(4,783)
Total Income	(10,851,326)	(12,355,745)	(40,279,516)	(66,785,992)	(9,349,022)	(23,137,823)
Expenditure						
Water Services	1,477,829	1,619,792	3,847,539	3,989,502	961,655	4,605,702
Waste Management	443,890	493,203	1,099,012	1,148,325	314,612	1,111,234
Transport	4,057,359	4,194,771	9,657,211	9,794,623	3,826,523	11,075,391
Community Facilities	698,658	817,401	1,886,273	2,005,016	531,302	1,712,357
Planning and Regulatory	535,797	683,724	1,688,478	1,836,405	425,626	1,356,324
Leadership and Governance	486,868	596,333	2,393,343	2,502,808	422,730	2,148,459
Investments	34,119	26,914	708,908	701,703	21,047	399,980
Property	327,935	412,708	617,237	702,010	179,522	658,244
Support Services	2,057,331	2,088,566	10,587	41,822	1,663,237	12,444
Total Expenditure	10,119,786	10,933,412	21,908,588	22,722,214	8,346,254	23,080,135
(Surplus) / Deficit	(731,540)	(1,422,333)	(18,370,928)	(44,063,778)	(1,002,768)	(57,688)

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.

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Financial Position

	Council 2016/17 Actual as at 31 December 2016	Council 2016/17 Budgeted as at 31 December 2016	Council 2016/17 Forecasted 30 June 2017	Council 2016/17 Annual Plan as at 30 June 2017	Council 2015/16 Actual as at 31 December 2015	Council 2015/16 Actual as at 30 June 2016
Assets						
Current Assets						
Non Interest Bearing Cash & Equivalents	98,338	140,775	92,389	104,826	174,199	643,718
Inventories	3,921	3,921	3,921	3,921	3,921	65,574
Trade and Other Receivables	2,424,359	3,105,621	1,398,883	2,080,145	1,934,562	3,051,652
Financial Assets at Fair Value	10,297,462	12,296,988	6,485,740	8,485,266	9,333,555	10,476,266
Total Current Assets	12,824,079	15,547,305	7,980,932	10,674,158	11,446,236	14,237,210
Non Current Assets						
Property Plant and Equipment	244,549,284	246,708,860	284,427,276	286,586,852	245,141,984	248,764,946
Work in Progress	3,695,720	4,908,524	13,428,416	14,641,220	3,065,224	1
Loans and Other Receivables	60,247	60,247	30,247	60,247	90,247	60,247
Investment Property	277,000	277,000	277,000	277,000	277,000	277,000
Biological Assets	150,380	150,380	150,380	150,380	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	121,343	147,109	121,343	147,109	156,733	121,343
Term Financial Assets at Fair Value	8,619,408	6,464,556	8,619,408	6,464,556	9,095,999	7,621,424
Total Non Current Assets	258,746,374	259,989,668	308,327,062	309,600,356	259,250,558	258,268,334
Total Assets	271,570,454	275,536,973	316,307,995	320,274,514	270,696,795	272,505,543
Liabilities						
Current Liabilities						
Trust Funds and Deposits	(266,517)	0	(266,517)	0	(266,585)	(273,735)
Trade Payables	(862,129)	(4,076,118)	(1,371,805)	(4,585,794)	(113,819)	(2,552,511)
Employee Benefit Liabilities	(446,427)	0	(446,427)	0	(341,984)	(370,731)
Contract Retentions	(667,458)	0	(667,458)	0	(731,427)	(708,481)
Accrued Interest	0	0	0	0	0	0
Current Portion Term Borrowings	(11,139)	0	(11,139)	0	0	(10,260)
Taxation	0	0	0	0	0	0
Total Current Liabilities	(2,253,669)	(4,076,118)	(2,763,345)	(4,585,794)	(1,453,814)	(3,915,718)
Non Current Liabilities						
Trade Payables	0	0	0	0	0	0
Employee Benefit Liabilities	(111,459)	(121,063)	(111,459)	(121,063)	(121,063)	(111,459)
Borrowings	(5,019,234)	(5,000,000)	(5,019,234)	(5,000,000)	(5,000,000)	(5,023,758)
Landfill Aftercare	(755,898)	(478,126)	(755,898)	(478,126)	(478,126)	(755,898)
Total Non Current Liabilities	(5,886,590)	(5,599,189)	(5,886,590)	(5,599,189)	(5,599,189)	(5,891,114)
Total Liabilities	(8,140,259)	(9,675,307)	(8,649,935)	(10,184,983)	(7,053,003)	(9,806,832)
Net Assets	263,430,194	265,861,666	307,658,059	310,089,531	263,643,792	262,698,712
Equity						
Retained earnings						
Restricted Reserves	(139,200,123)	(242,781,218)	(140,579,687)	(244,160,782)	(137,091,404)	(137,588,149)
Unrestricted Reserves	0	0	0	0	0	(1,554,287)
Current Year (Surplus)/Deficit	(731,484)	(1,469,167)	(44,959,351)	(45,697,034)	(1,002,768)	(57,688)
Total Retained earnings	(139,931,607)	(244,250,385)	(185,539,038)	(289,857,816)	(138,094,173)	(139,200,124)
Other Reserves						
Revaluation Reserves	(101,874,443)	0	(101,874,443)	0	(102,371,188)	(101,874,443)
Sinking Fund	0	0	0	0	0	0
Special Funds	(21,624,145)	(21,611,281)	(20,244,579)	(20,231,715)	(23,178,431)	(21,624,145)
Total Other Reserves	(123,498,588)	(21,611,281)	(122,119,022)	(20,231,715)	(125,549,620)	(123,498,588)
Total Equity	(263,430,194)	(265,861,666)	(307,658,059)	(310,089,531)	(263,643,792)	(262,698,712)

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Cashflow

	Actual to Date 2016/17	Full Year Budget 2016/17	Remaining Budget 2016/17
OPERATING ACTIVITIES			
Cash was provided from:			
Rates received	6,036,480	13,077,245	7,040,765
Other Revenue	5,372,439	12,079,897	6,707,458
	<u>11,408,919</u>	<u>25,157,142</u>	<u>13,748,223</u>
Cash was applied to:			
Payments to Suppliers & Employees	11,461,383	20,555,817	9,094,434
Taxation		-	-
Interest Paid	189,978	473,078	283,100
	<u>11,651,361</u>	<u>21,028,895</u>	<u>9,377,534</u>
Net Cash Flow from Operations	<u>(242,441)</u>	<u>4,128,247</u>	<u>4,370,688</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	2,579,799	-	- 2,579,799
Purchase of Property, Plant & Equipment	(2,280,505)	10,600,149	12,880,654
	<u>299,294</u>	<u>10,600,149</u>	<u>10,300,855</u>
Net Cash Flows from Investing Activities	<u>(299,294)</u>	<u>(9,130,149)</u>	<u>(8,830,855)</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	3,645	2,334,615	-
	<u>3,645</u>	<u>2,334,615</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>(3,645)</u>	<u>(1,784,615)</u>	<u>550,000</u>
Net Increase/(Decrease)	<u>(545,380)</u>	<u>(6,786,517)</u>	<u>(3,910,167)</u>
Plus opening cash & cash equivalents	643,718	6,927,292	6,283,574
Cash & cash equivalents at end of year	<u>98,338</u>	<u>140,775</u>	<u>2,373,407</u>
Made up of:			
Cash	98,338	140,775	42,437
Short Term Deposits			
Bank Overdraft	-	-	-
	<u>98,338</u>	<u>140,775</u>	<u>42,437</u>

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016


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

	Actual to Date 2016/17
Surplus / Deficit	731,540
Add / (less) non cash items:	
Depreciation and amortisation	-
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	627,293
(Inc) / Dec Prepayments	-
(Inc) / Dec Inventories	61,653
Inc / (Dec) Accounts payable	(1,662,925)
Inc / (Dec) Income in Advance	-
Inc / (Dec) Accrued Expenses	-
Inc / (Dec) Employee benefits	(2)
Net cash inflow / (outflow) from operating activities	<u>(242,441)</u>

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Capital Program

Year to date capital expenditure by Cost Centre is:

Capital Projects	ACTUAL 2016/17 (to date)	2016/17 Operational Plan (YTD)	2016/17 Variance (YTD)	ANNUAL BUDGET 2016/17	Remaining Budget
Library	21,326	19,986	(1,340)	89,975	68,649
Library - Building	0	0	0	6,000	6,000
Water Reticulation	407,900	880,760	472,860	1,098,360	690,460
Water Treatment	40,545	143,725	103,180	698,745	658,200
Stormwater	45,716	103,800	58,084	627,990	582,274
Sewerage	179,013	110,000	(69,013)	1,505,782	1,326,769
Waste Management	0	35,250	35,250	155,250	155,250
Wairoa Airport	28,759	100,000	71,242	540,000	511,242
Roading Subsidised	548,457	1,366,436	817,979	5,433,286	4,884,829
Roading Non Subsidised	8,126	230,075	221,949	689,160	681,034
Infrastructural Business Unit	65,529	50,750	(14,779)	70,750	5,221
Parking	0	0	0	161,155	161,155
Parks and Reserves	252,723	510,250	257,527	1,051,250	798,527
Community Centre	11,070	948,000	936,930	1,060,080	1,049,010
Economic Development	27,599	70,000	42,401	345,000	317,401
Pensioner Housing	45,827	26,656	(19,171)	33,312	(12,515)
Cemeteries	(32)	6,504	6,536	13,000	13,032
Environmental Health	0	10,250	10,250	10,250	10,250
ByLaw Control	7,060	66,000	58,940	135,000	127,940
Civil Defence	0	11,000	11,000	11,000	11,000
Rural Fire	0	7,334	7,334	12,000	12,000
Council	13,027	22,000	8,973	22,000	8,973
Property Corporate	9,612	0	(9,612)	0	(9,612)
Camping Grounds	0	0	0	3,000	3,000
Staff Housing	15,424	0	(15,424)	0	(15,424)
Chief Executive Officer	71,379	38,000	(33,379)	58,000	(13,379)
Administration Services	3,399	73,000	69,601	662,250	658,851
Information Services	41,359	48,700	7,341	86,625	45,266
Engineering Services	2,329	19,998	17,670	62,000	59,672
Subtotal of this Years Costs	1,846,146	4,898,474	3,052,328	14,641,220	12,795,074
Prior Years Work in progress	0	0	0	0	0
Planned Capital Spending	1,846,146	4,898,474	3,052,328	14,641,220	12,795,074
Capital Subsidies					
Water Reticulation System	(1,250,000)	(742,002)	(507,998)	(1,484,000)	(234,000)
Water Treatment Plant	0	0	0	0	0
Sewerage	0	0	0	0	0
Roading Subsidised	(716,351)	(1,878,240)	1,161,889	(3,756,478)	(3,040,127)
Community Centre	0	0	0	0	0
	(1,966,351)	(2,620,242)	653,891	(5,240,478)	(3,274,127)
Net Planned Capital Spending	(120,205)	2,278,232	3,706,219	9,400,742	9,520,947
	ACTUAL 2016/17 (to date)	2016/17 Operational Plan (YTD)	2016/17 Variance (YTD)	ANNUAL BUDGET 2016/17	Remaining Budget
Additions	758,135	2,231,488	(1,473,353)	5,108,513	4,350,378
Renewal	1,088,011	2,666,986	270,600	8,058,221	5,120,635
Total Gross Spend this Year	1,846,146	4,898,474	(1,202,754)	13,166,734	9,471,014

WAIROA DISTRICT COUNCIL MONTHLY FINANCIAL REPORT 31 DECEMBER 2016



Net Operating Cost of Service by Service Activity

Net Operating Cost of Service	ACTUAL 2016/17 (YTD)	Operating Budget 2016/17 (YTD)	Operating Budget 2016/17 (Full Year)	ACTUAL 2015/16 (YTD)	ACTUAL 2015/16 (Full Year)
Revenue					
Water Services					
Income	(607,908)	(765,498)	(1,530,996)	(508,182)	(972,481)
Operating Cost	1,703,744	1,748,429	4,246,780	1,186,300	5,090,714
Maintenance Cost	9,813	16,968	33,941	10,972	39,671
Total Water Services	1,105,649	999,899	2,749,725	689,090	4,157,904
Waste Management					
Income	(119,706)	(176,688)	(353,369)	(77,380)	(373,513)
Operating Cost	443,890	390,832	938,532	314,612	1,111,234
Total Waste Management	324,184	214,144	585,163	237,233	737,720
Transport					
Income	(1,429,878)	(2,213,472)	(4,426,946)	(742,822)	(5,413,577)
Operating Cost	1,540,979	1,038,902	3,478,227	547,378	5,422,646
Maintenance Cost	2,516,380	2,597,262	5,194,500	3,279,145	5,652,745
Total Transport	2,627,481	1,422,692	4,245,781	3,083,701	5,661,814
Community Facilities					
Income	(126,752)	(55,026)	(110,077)	(118,682)	(103,001)
Operating Cost	527,964	520,890	1,412,014	394,918	1,393,766
Maintenance Cost	170,694	193,470	386,920	136,384	318,591
Total Community Facilities	571,906	659,334	1,688,857	412,620	1,609,356
Planning and Regulatory					
Income	(429,531)	(358,756)	(572,160)	(389,021)	(506,708)
Operating Cost	523,536	456,699	1,380,355	408,486	1,313,082
Maintenance Cost	3,157	6,690	13,377	891	9,559
Job Costing	9,104	0	0	16,249	33,683
Total Planning and Regulatory	106,266	104,633	821,572	36,604	849,616
Leadership and Governance					
Income	(4,241)	(6,425)	(16,220)	(11,759)	(27,079)
Operating Cost	486,531	19,174	1,340,587	422,360	2,148,089
Maintenance Cost	337	0	0	370	370
Total Leadership and Governance	482,627	12,749	1,324,367	410,972	2,121,380
Investments					
Income	(306,650)	20,621,359	(1,011,351)	(338,911)	(1,142,884)
Operating Cost	34,119	(155,932)	336,011	21,047	399,980
Total Investments	(272,531)	20,465,427	(675,340)	(317,864)	(742,905)
Property					
Income	(57,901)	(60,090)	(263,256)	(41,831)	(241,045)
Operating Cost	295,570	432,287	877,926	140,491	704,762
Maintenance Cost	32,365	51,726	103,452	39,030	99,764
Total Property	270,033	423,923	718,122	137,690	563,482
Support Services					
Income	(1,655)	1,750,673	(733,855)	(523)	(3,845,002)
Operating Cost	2,057,331	2,079,995	4,237,820	1,663,237	3,845,028
Total Support Services	2,055,676	3,830,668	3,503,965	1,662,714	26
Total Net Operating Cost of Service	7,271,291	28,133,467	14,962,212	6,352,760	14,958,394