

NOTICE IS HEREBY GIVEN THAT THE MONTHLY MEETING OF THE FINANCE AND POLICY COMMITTEE, WILL BE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE, ON TUESDAY 10 FEBRUARY 2009, FOLLOWING THE CONCLUSION OF THE REGULATORY COMMITTEE MEETING

**Stephen Parry
CHIEF EXECUTIVE
4 February 2009**

A G E N D A

1. Elected Members' Remuneration (Pages 1-7)
2. Financial report for December 2008 (Pages 8-17)

FINANCE AND POLICY COMMITTEE AGENDA

FEBRUARY 2009

1. ELECTED MEMBERS REMUNERATION

(Memo from Chief Executive – 23.01.09)

The Remuneration Authority has recently announced its total indicative pools and mayoral gross salary levels for the 2009/2010 financial year. A copy of the Authority's funding formulae and factors summary for all local authorities is attached.

A comparison with remuneration levels is as follows:

	2008/09	2009/10	Increase
Remuneration Pool (Excluding Mayor)	\$152,736	\$155,828	2.02%
Mayor	\$57,347	\$58,817	2.56%

It should be noted that the remuneration determined for the Mayor is done so on a total package basis. It therefore includes the value of a car as assessed by the Remuneration Authority.

The Authority has asked the Council to advise how it intends distributing the remuneration pool (excluding the Mayor) amongst elected members. The salary rates for elected members are as follows:

Deputy Mayor	\$19,013
Chair	\$19,013
Councillor	\$10,486
Community Board Chair	\$2,930
Community Board Member	\$873

In line with past practice, it is recommended that the remuneration of all these positions be adjusted by 2.02% to reflect the increase in the remuneration pool determined by the Authority.

RECOMMENDATION

THAT the Council approve a distribution of the new remuneration pool to elected members on the basis of a 2.02% increase to each elected member and notify the Remuneration Authority of the following new salaries for members with effect from 1 July 2009:

Deputy Mayor	\$19,398
Chair	\$19,398
Councillor	\$10,698
Community Board Chair	\$2,989
Community Board Member	\$891

2. FINANCIAL REPORT FOR DECEMBER 2008

(Memo from Management Accountant 4/02/2009)

Operating Results

For the six months ended 31 December 2008, the Gore District Council recorded a surplus of \$56k. This is favourable by \$298k on the budget result for the same period.

Our performance for the period is summarised in the table below. The full results can be found in the statements throughout this report.

Variance Explanation

Operating Results

December						
Actual	Budget	Variance		Actual	Budget	Variance
\$000	\$000	\$000		\$000	\$000	\$000
Revenue						
841	839	1	Rates	5,044	5,036	7
10	11	(1)	Petroleum Tax	51	66	(15)
133	86	47	LTNZ Subsidy	880	723	157
204	218	(14)	Licenses Fees & Other Revenue	1,411	1,352	59
0	0	0	Wind Farm Revenue	0	0	0
0	0	0	Interest and Dividends	27	0	27
264	264	(0)	Administration Recoveries	1,586	1,587	(0)
1,452	1,419	33		8,999	8,764	235
Expenses						
90	73	(17)	Democracy	410	439	29
906	964	58	Assets	5,574	5,784	210
537	460	(77)	Corporate Services	2,959	2,783	(176)
1,533	1,497	(36)		8,943	9,006	63
(81)	(78)	(3)	Surplus (Deficit)	56	(242)	298

Income

Overall income is favourable by \$235k.

LTNZ Subsidy

The LTNZ subsidy is behind due to the timing of maintenance and capital works. This variance will decrease over time as more work commences.

Rates

Rates are spread evenly over the full financial year.

License Fees & Other Revenue

This is up on budget by \$59k for the period. This is a mixture of small increases in revenues across many departments.

Expenditure

Overall expenditure is favourable by \$63k.

Several departments have overspends at this stage (regulatory, aquatic and administration). All these departments have an increase in revenue which offsets the increases in expenditure. (partial offset in aquatic centres and regulatory).

The under-spend in democracy is due to a variety of smaller grants that are yet to be paid out.

**Gore District Council
Statement of Financial Performance
1 July - 31 December 2008**

Actual	December			Actual	Budget	Variance
	\$000	Budget				
			Revenue			
77	78	(1)	Democracy	464	464	0
387	364	23	Essential services	2,175	2,142	33
308	262	46	Roads	1,923	1,780	142
197	202	(5)	Reserves & Sport Facilities	1,229	1,212	17
66	67	(1)	Property	418	402	17
56	77	(21)	Regulatory	568	553	14
0	0	0	Wind Farm Revenue Received	0	0	0
90	86	4	Aquatic Centres	579	559	19
104	114	(10)	Heritage Precinct	665	684	(19)
167	169	(2)	Administration	979	967	13
1,452	1,419	33		8,999	8,764	235
			Expenses			
90	73	(17)	Democracy	410	439	29
390	386	(4)	Essential services	2,123	2,315	191
207	304	97	Roads	1,790	1,827	37
230	201	(29)	Reserves & Sport Facilities	1,222	1,203	(19)
71	73	2	Property	439	440	1
103	81	(22)	Regulatory	548	487	(61)
2	0	(2)	Wind Farm Expenses Incurred	25	0	(25)
117	95	(22)	Aquatic Centres	679	639	(40)
132	116	(16)	Heritage Precinct	715	701	(13)
191	167	(24)	Administration	992	955	(37)
1,533	1,497	(36)		8,943	9,006	63
(81)	(78)	(3)	Surplus (Deficit)	56	(242)	298

Infrastructural Divisions

Essential Services

Statement of Cost of Service				
Essential Services				
for the period ending 31 December 2008				
2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
1,089,216	Rates	1,259,280	1,259,280	-
(232,102)	Sales & Services	915,725	882,620	33,105
857,115	Total Revenue	2,175,005	2,141,900	33,105
1,915,039	Total Expenses	2,123,275	2,314,506	(191,231)
(1,057,924)	Gross Operating Margin	51,730	(172,606)	224,336
235,905	Capital Expenditure	1,320,131	383,988	936,143
(1,293,829)	Total Surplus/(Deficit)	(1,268,401)	(556,594)	(711,807)

Included in this area are water, wastewater and solid waste.

This division is on track. The \$191k underspend of the expenses is due to the timing of maintenance requirements which is expected to come in line later in the year. Revenue is also tracking well. The increase is due to the timing of the trade waste billing

The "overspend" in the capital works department is due to the Actiflow project, which was budgeted for last year but carried over until this year. At 30 June 2008 there was \$960k of budgeted capital work still to be carried out on the project. For a more accurate picture this carried over budget should be added to this years budgeted capital expenditure. When this is taken into account we are tracking well overall.

Parks & Reserves

Statement of Cost of Service				
Parks & Reserves				
for the period ending 31 December 2008				
2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
689,261	Rates	787,134	787,134	-
(219,654)	Sales & Services	441,650	425,094	16,556
469,606	Total Revenue	1,228,784	1,212,228	16,556
1,112,233	Total Expenses	1,222,205	1,203,066	19,139
(642,626)	Gross Operating Margin	6,579	9,162	(2,583)
108,580	Capital Expenditure	117,375	108,178	9,197
(751,206)	Total Surplus/(Deficit)	(110,796)	(99,016)	(11,780)

Included in this area are the various parks and reserves around the District including Dolamore Park and all the cemeteries.

Parks and reserves are inline, the apparent increase in revenue is due to the trade-ins of various items of plant and equipment Scheduled for replacement under the capital expenditure budget, and as such the gains should be offset against the capital spending, which would make the capital budget variance appear more favourable.

Expenditure is tracking slightly above budget due to timing of maintenance spending, no permanent variances have been noted.

Roading

Statement of Cost of Service				
Roading				
for the period ending 31 December 2008				
2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
880,308	Rates	968,101	968,101	-
(99,181)	Sales & Services	954,536	812,370	142,166
781,126	Total Revenue	1,922,637	1,780,471	142,166
1,714,612	Total Expenses	1,790,034	1,232,112	557,922
(933,485)	Gross Operating Margin	132,603	548,359	(415,756)
575,063	Capital Expenditure	460,043	403,613	56,430
(1,508,548)	Total Surplus/(Deficit)	(327,440)	144,746	(472,186)

Further breakdowns have been provided for some of the activities that make up the Roothing division.

Overall this department is on target; capital expenditure is down due to timing and the seasonal nature of roading capital work.

Under urban and rural roading, the apparent expenditure overspends are due to the timing of the maintenance work, not a cost overrun.

Statement of Cost of Service
Roading Administration
for the period ending 31 December 2008

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
-	Rates	-	-	-
94,409	Sales & Services	152,815	183,202	(30,387)
94,409	Total Revenue	152,815	183,202	(30,387)
152,896	Total Expenses	170,466	198,780	(28,314)
(58,487)	Gross Operating Margin	(17,651)	(15,578)	(2,073)
20,471	Capital Expenditure	-	-	-
<u>(78,958)</u>	Total Surplus/(Deficit)	<u>(17,651)</u>	<u>(15,578)</u>	<u>(2,073)</u>

Statement of Cost of Service
Urban Roding
for the period ending 31 December 2008

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
312,274	Rates	345,182	345,182	-
(152,668)	Sales & Services	145,950	141,481	4,469
159,605	Total Revenue	491,132	486,663	4,469
557,710	Total Expenses	514,797	337,494	177,303
(398,104)	Gross Operating Margin	(23,665)	149,169	(172,834)
87,236	Capital Expenditure	80,018	74,572	5,446
<u>(485,340)</u>	Total Surplus/(Deficit)	<u>(103,684)</u>	<u>74,597</u>	<u>(178,281)</u>

**Statement of Cost of Service
Rural Rooding
for the period ending 31 December 2008**

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
521,713	Rates	570,735	570,735	-
(22,961)	Sales & Services	620,076	471,375	148,701
498,752	Total Revenue	1,190,811	1,042,110	148,701
951,564	Total Expenses	1,032,039	627,366	404,673
(452,812)	Gross Operating Margin	158,772	414,744	(255,972)
403,768	Capital Expenditure	321,981	224,041	97,940
(856,580)	Total Surplus/(Deficit)	(163,208)	190,703	(353,911)

**Statement of Cost of Service
Other Rooding
for the period ending 31 December 2008**

2006/07		Actual	Budget	Variance
	<i>Revenue</i>			
46,321	Rates	52,184	52,184	-
(17,961)	Sales & Services	35,695	16,312	19,383
28,360	Total Revenue	87,879	68,496	19,383
52,442	Total Expenses	72,732	68,472	4,260
(24,082)	Gross Operating Margin	15,147	24	15,123
63,588	Capital Expenditure	58,044	105,000	(46,956)
(87,670)	Total Surplus/(Deficit)	(42,897)	(104,976)	62,079

Balance Sheet

The major changes in the balance sheet from the same month in prior year:

Assets

- Debtors are up on 31 December 2007 due to timing
- Investments are down on the same month last year due to the revaluation of the interest Swaps
- Loans to community groups have increased to reflect the recent loans given to the Multi-Sports Charitable trust and the St James Theatre.

Liabilities

- Creditors are up due to the timing of payments for a lot of capital work.
- Term debt has increased due to the planned borrowing for the Smith's City building purchase, the St James Theatre loan, multi-sports car park loan and the Acti-flow project.

Capital Expenditure

As at 31 December 2008 \$2.927m (\$2.173m in October) has been spent on capital works. A large portion of this is for the Acti-flow project and Mataura Community Centre.

All other areas are tracking as expected.

RECOMMENDATION

THAT the financial report for the six months ended 31 December 2008, be received.

**Gore District Council
Balance Sheet
As at 31 December 2008**

Actual 31 Dec 2007 \$000		Actual 31 Dec 2008 \$000	LTCCP 30 Jun 2008 \$000
	Equity		
138,527	Accumulated funds	138,667	137,392
163,503	Asset Revaluation Reserve	163,503	122,459
302,030		302,170	259,851
	Assets		
	Current Assets		
538	Bank	557	78
1,263	Debtors	1,419	900
1,123	Short Term Deposits	1,166	1,207
52	Inventory	65	0
2,976		3,207	2,185
	Non current Assets		
702	Investments	462	68
20	Loans to Community Groups	50	0
308,476	Fixed Assets	310,817	270,349
309,198		311,329	270,417
312,173	Total Assets	314,536	272,602
	Liabilities		
	Current Liabilities		
1,408	Creditors	2,167	1,525
	Non Current Liabilities		
8,594	Term Loans	10,086	11,090
142	Landfill Aftercare Provision	113	136
8,736		10,199	11,226
10,143	Total Liabilities	12,366	12,751
302,030	Net Assets	302,170	259,851