Chairperson and Committee Members
CORPORATE BUSINESS COMMITTEE

17 FEBRUARY 2011

Meeting Status: Public

Purpose of Report: For Information

FINANCIAL REPORTS TO 31 DECEMBER 2010

PURPOSE OF REPORT

1 This report sets out Council's financial results and financial position at 31 December 2010. Financial exceptions are noted in the report together with explanations for any significant variations from the budgets.

SIGNIFICANCE OF DECISION

2 This report does not trigger Council's Significance Policy.

BACKGROUND

3 The financial reports to 31 December 2010 show the Council's financial performance against budgets and highlight any financial exceptions and includes some financial performance and analysis indicators.

4 The Council is provided with information on six broad areas of financial performance at each quarter and these are:

- **Part A: Statement of Comprehensive Income (Financial Performance)**

  This allows Council to review at a high level **operating expenditure** and **revenue** against budgets, to identify and understand any emerging risks that may be impacting on Council's overall **operating surplus or deficit**.

  Explanations of variances in revenue which are driven by external agencies – e.g. NZTA subsidies are given in this section. More detailed explanations of variances in expenditure/ revenue are provided in Parts D and E.

- **Part B: Statement of Financial Position**

  This provides Council with information on its position in relation to **current and non-current assets** and **current and non-current liabilities**. It then provides Council with information on its position in relation to overall **public equity** when these assets and liabilities are considered together. Public Equity, which is the Council's net worth, is the net value of total assets less total liabilities. It shows the (ratepayers) public level of financial interest in the assets of the District.

- **Part C: Statement of Rating Position**

  Each quarter projections are made of the rates position, (either a rates surplus or deficit) for the end of the financial year. This is based on revenue and expenditure trends based on actual results to the end of the current quarter. The purpose of establishing the projected rates surplus/deficit is to forecast rates financial position for the end of the financial year. This allows Council to assess what action, if any, it would need to take as part of its draft Annual Plan process in terms of the impacts of the following years' rates. Any projected rates surplus can be used to offset future years' rates while projected rates deficits would need to be funded from future years' rates.

- **Part D: Expenditure by Activity with Explanations on Variances and Trends.**

  This provides Council with further information on emerging risks (if any) and more detail on key factors affecting the Statement of Comprehensive Income.

- **Part E: Explanation of Capital Works Programme Performance**

  This is at a summary level and further information on key projects is provided in the detailed Activity Reports. Information is provided separately on capital programmes as performance in the area is a significant factor in Council's finance costs. It also affects the level of debt which is relevant to Council's Statement of Financial Position.

- **Part F: Statement of Performance Against Treasury Policy Limits**

  These graphs show Council's position at the end of each quarter in relation to Council's Treasury Policy Limits.

Financial Management Reports are scheduled to be presented to the Corporate Business Committee no more than 6 weeks following the end of each quarter.

Part A: Statement of Comprehensive Income (Financial Performance)

6 The Statement of Comprehensive Income covers all of Council's revenue and expenditure from all funding sources not just rates funding. The net position of revenue less expenditure provides the operating surplus or deficit. In addition to the operating revenue, there are other comprehensive income items such as the revaluation increase on the value of Council's infrastructural assets resulting from the 3 yearly revaluation due to be undertaken as at 30 June 2011. Table 1 below summarises Council's Statement of Comprehensive Income as at 31 December 2010.

Table 1: Statement of Comprehensive Income

2009/10 Actual $000		31/12/2010 Actual $000	2010/11 Budget $000
39,638	Total Rates	21,362	42,004
11,862	Other Revenue	4,319	10,123
4,667	NZTA Operating Funding	606	2,350
241	NZTA Capital Funding	-	5,580
56,408	**TOTAL OPERATING REVENUE**	**26,287**	**60,057**
33,900	Operating Costs	17,550	36,291
723	Loss on Disposal	-	-
8,200	Impaired Asset	-	-
4,333	Finance Costs	2,246	6,710
1,649	Gain/(loss) on Revaluation of Financial Instruments	-	-
11,653	Depreciation/Amortisation	5,826	11,578
60,458	**TOTAL OPERATING EXPENDITURE**	**25,622**	**54,579**
(4,050)	**NET SURPLUS**	**665**	**5,478**
	Other Comprehensive Income		
(817)	Revaluation – Fair Value Movement on Property, Plant, and Equipment	-	42,482
(4,867)	**TOTAL COMPREHENSIVE INCOME**	**665**	**47,960**

Rates Revenue

7 The rates levied in the first six months reflect 50% of the total annual rates.

8 The rates budget is the total Council rates levied of $42.391 million less Council's rates on its own properties of $387,000 to give a net rates budget of $42.004 million.

Other Operating Revenue

9 The key components of Other Revenue are fees and charges, financial contributions/development contributions and vested assets. The main reason for other revenue being below the budget as at 31 December 2010 is the low level of vested assets received in the first six months of the year. (Refer to paragraph 14 for the explanation.)

<u>Fees and Charges</u>

10 Overall fees and charges are ahead of budget for the first six months due to the timing of some annual charges such as dog registration and health licences which are levied in the first six months. However, there are some variances which require further explanation which are provided in Part D.

<u>Financial Contributions/Development Contributions</u>

11 Financial Contributions are levied under the Resource Management Act and cover Reserves Contributions levied on developers at the time of subdivision in accordance with Council's policies. Development Contributions are levied under the Local Government Act 2002 and cover all key activities except Parks and Open Space and are levied on developers at the time of subdivision in accordance with Council's Development Contributions Policy in the LTCCP.

12 Although the current level of subdivisional activity is lower this year, the financial contributions/development contributions received relate to subdivisions applied for in the last 2-3 years.

13 The financial contributions/development contributions are generally paid at the time of applying for the Section 224 certificate at the end of the Resource Consent process. The level of financial contributions/development contributions received are generally in line with the budgets.

<u>Vested Assets:</u>

14 These are the roading, water, wastewater and stormwater assets that are vested in Council at the time of subdivision. These are non-cash assets but the value of these vested assets needs to be recognized as revenue in the Statement of Comprehensive Income. There was a low level of subdivisional activity in the first six months which means a lower level of assets vested in Council by land developers.

New Zealand Transport Agency (NZTA) Operating Funding

15 This is the NZTA subsidy on Council's annual roading maintenance and renewal programme which needs to be pre-approved by NZTA for up to three years in advance. The lower level of subsidy for the first six months reflects the level of subsidised roading expenditure incurred by Council in the first six months. Major items of subsidised roading expenditure such as the annual resealing programme ($1.3 million) occur from the third quarter onwards. The NZTA subsidy rates for this Council are currently:

Roading Maintenance and Renewal	43%
New Construction Work	53%

It is important to note that there is growing local government sector concern that NZTA road maintenance subsidy budgets continue to be squeezed as the government refocus expenditure on national roading capital projects, particularly the Roads of National Significance Programme.

NZTA Capital Funding

16 This was the 90% NZTA subsidy of the Western Link road and the budget of $5.58 million relates to 90% subsidy on some land purchases relating to the Western Link committed to by the Council prior to the initial Expressway announcement by the Minister of Transport and NZTA. To date these purchases have not proceeded.

Other Operating Revenue by Activity

17 Other operating revenue levied by activity is shown in Part D with a summary explanation on trends and variances. More detailed analysis of fees and charges compared to budget is also shown in Part D.

Operating Costs

18 The operating costs both direct and indirect are below budget for the first six months. This partially reflects the seasonal nature of some of Council's operating costs in some areas such as roading, coastal management (e.g. beach patrols) and parks and reserves. In stormwater, there has been less demand for reactive maintenance to date although this may change by year end.

Finance Costs

19 Council's finance costs or debt servicing costs are below budget for the first six months. This reflects the lower level of capital expenditure in the first six months and also the lower average interest rates achieved for existing debt through the management of Council's interest rate swaps. The analysis of the Capital 2010/11 programme is set out in summary form in Part E.

Depreciation

20 The depreciation expense is the allocation of the cost of Council's assets over their useful lives. Each month the Council's assets value reduces by the monthly depreciation charge and the depreciation expense is a key component of Council's operating expenditure.

Operating Net Surplus

21 Even though the total operating revenue is below the budgeted revenue for the first six months, the operating expenditure is even lower than the budget for the same period, resulting in an operating surplus of $665,000 as at 31 December 2010. This is not the rates surplus which will be much smaller. The latter is discussed in Part C Statement of Rates Position.

Revaluation of Assets Movement

22 The revaluation of assets budgetted increase of $42 million is the projected increase of approximately 5% (over a three year period) in the value of the Council's infrastructure assets as a result of the revaluation of all of Council assets as at 30 June 2011.

Part B: Statement of Financial Position as at 31 December 2010

23 The Statement of Financial Position as at 31 December 2010 is set out below, followed by an overview of the key components.

2009/10 Actual $000		31/12/2010 Actual $000	2010/11 Budget $000
	Current Assets		
11,473	Cash & Cash Equivalents	10,387	5,655
5,118	Trade and Other Receivables	3,493	5,046
225	Inventories	223	311
135	Derivative Financial Instruments	135	-
-	Other Financial Assets	-	1,274
16,951	**Total Current Assets**	**14,238**	**12,286**
	Non-Current Assets		
753,163	Property, Plant and Equipment	751,870	874,088
351	Forestry Assets	350	250
324	Intangible Assets	280	45
328	Derivative Financial Instruments	328	1,417
66	Other Financial Assets	66	1,500
105	Trade and Other Receivables	105	-
754,337	**Total Non-Current Assets**	**752,999**	**877,300**
771,288	**TOTAL ASSETS**	**767,237**	**889,586**
	Liabilities & Public Equity		
	Current Liabilities		
9,517	Trade and Other Payables	5,466	10,812
880	Derivative Financial Instruments	880	142
1,429	Employee Benefit Liabilities	1,221	976
1,135	Deposits	1,147	1,498
40,770	Public Debt	40,120	10,839
5,341	Development Contributions	5,507	5,225
59,072	**Total Current Liabilities**	**54,341**	**29,492**
	Non-Current Liabilities		
30,749	Public Debt	30,749	97,553
2,774	Derivative Financial Instruments	2,774	1,275
362	Employee Benefit Liabilities	362	369
38	Provisions	38	37
33,923	**Total Non-Current Liabilities**	**33,923**	**99,234**
92,995	**TOTAL LIABILITIES**	**88,264**	**128,726**
573,006	Retained Earnings	573,821	613,370
100,192	Revaluation Reserve	100,158	143,491
3,549	Reserves & Special Funds	3,118	2,705
1,546	Sinking Funds	1,876	1,294
678,293	**TOTAL PUBLIC EQUITY**	**678,973**	**760,860**
771,288	**TOTAL LIABILITIES & PUBLIC EQUITY**	**767,237**	**889,586**

24 The budgets for the 2010/11 year are the budgets for the end-of-year position i.e. as at 30 June 2011 (the last day of the financial year). These budgets were established as part of the 2010/11 Annual Plan process and set before the end of the 2009/10 financial year (as at 30 June 2010). The budgets were set fifteen months in advance projecting the council's financial position as at 30 June 2011. It is more realistic to compare Council's financial position as at 31 December 2010 with the position as at 30 June 2010, as it reflects six months of financial activity since 30 June 2010.

Current Assets

25 The lower level of current assets since 30 June 2010 reflects the lower level of Debtors and other receivables owing at 31 December 2010, compared to 30 June 2010. This mainly relates to NZTA operating subsidy which is generally higher at 30 June due to the need to maximise NZTA subsidy by the end of the financial year.

Non-Current Assets

26 Council's Property Plant and Equipment Assets are Council's infrastructural assets of Roading, Water, Wastewater and Stormwater, Land and Buildings, Parks and Reserves, Improvements and Community Facilities. The lower value of Council's assets as at 31 December 2010 compared to 30 June 2010 reflects three months of depreciation of Council's Assets.

Current Liabilities

27 The lower level of current liabilities since 30 June 2010 reflects the lower level of trade creditors and other payables as at 31 December 2010.

Non Current Liabilities

28 There has been a marginal change since 30 June 2010 for the long term debt. The other items have not been updated since 30 June 2010 as it involves significant work and cost to assess on a quarterly basis. Market indicators would suggest the liability would reduce rather than increase. These will be updated annually as part of the Annual Report unless there are significant variances in the market.

Public Equity

29 Public (Ratepayers) Equity is Council's total financial interest in its Assets, (Total Assets less Total Liabilities = Council's net worth). The total public equity has increased by the net surplus for the first six months.

Part C: Statement of Rates Position

30 The Rates Surplus/(Deficit) is different to the operating surplus as follows.

- Operating Surplus/(Deficit) covers all of Council's operating revenue and expenditure from all funding sources, including vested assets.
- Rates Surplus/(Deficit) only covers council's revenue and expenditure that is rates funded. Any surplus/deficit affects the rates required for next year.

31 The overall rates position to 31 December 2010 and the forecast position to year end are detailed in the following table.

Table 3: Overall rates position to 31 December 2010 and the forecast position to year end

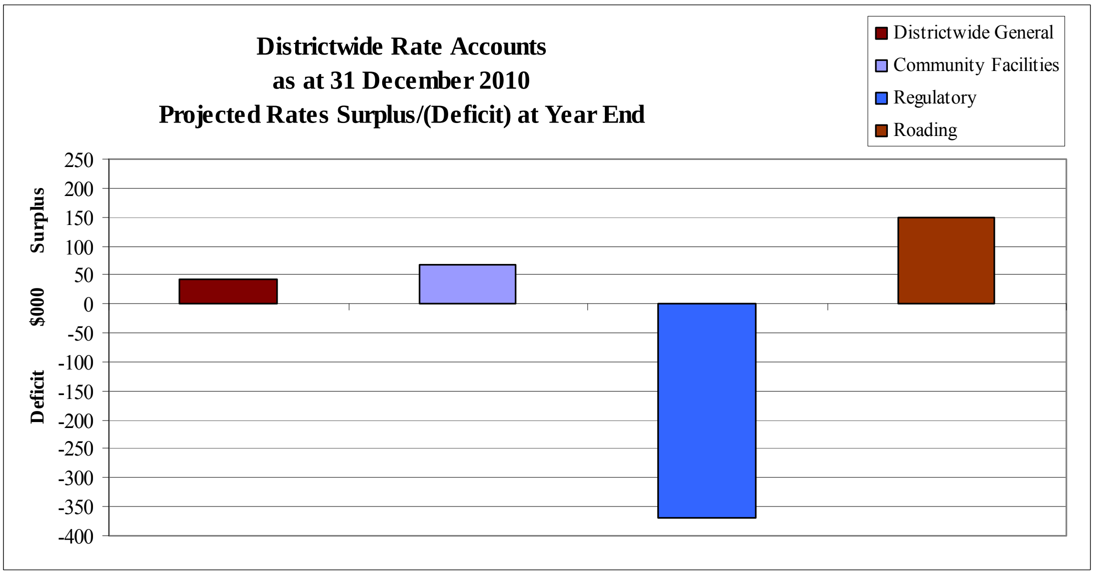
	Net Rate Requirement Actual to 31 December 2010 $000	Net Rate Requirement 2010/11 Annual Budget $000	Actual/ Annual Budget %	Net Rate Requirement Financial Projections to 30 June 2011 $000	End of Year Forecast Rates Surplus/ (Deficit) $000
Districtwide					
Districtwide General[1]	3,712	7,728	48	7,684	44
Community Facilities[2]	3,827	8,896	43	8,829	67
Regulatory[3]	1,500	3,977	38	4,345	(368)
Roading[4]	2,869	5,092	56	4,942	150
Total Districtwide	**11,868**	**25,693**	**46**	**25,800**	**(107)**
Community					
Paekākāriki	198	381	52	374	7
Paraparaumu/Raumati	2,577	6,341	41	6,283	58
Waikanae	1,028	2,580	40	2,572	8
Joint Water	2,514	4,900	51	4,845	55
Ōtaki	1,192	2,495	48	2,475	20
TOTAL	**19,377**	**42,390**	**45**	**42,349**	**41**

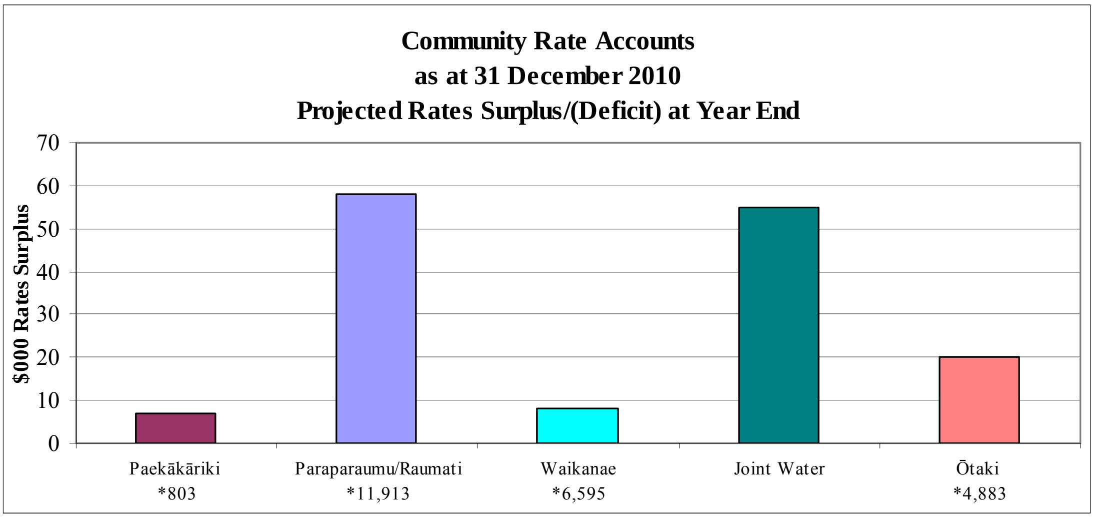
[1] Districtwide General Expenses: including emergency management, civil defence, public toilets and cemeteries. Supporting Social Wellbeing, Supporting Environmental Sustainability, District Strategic Development Projects, Districtwide Coastal Protection of the Council's Infrastructure and Districtwide Strategic Flood Protection.

[2] Libraries, Parks and Reserves, Swimming Pools, Public Halls and Community Centres

[3] Public contribution towards the following Regulatory Services which are not met by user charges: Resource Consents, Building Consents, Development Management, Environmental Health, Liquor Licensing, Hazardous Substances, Environmental Monitoring and Animal Control

[4] All Roading Expenditure except for historic debt servicing costs





*Number of rateable properties Urban/Rural

The net rate requirement is as follows:

Total operating expenditure (funded from Rates)	-	Total other operating revenue (associated with Rates funded expenditure)	=	Net Rate Requirement

32 As at the 31 December 2010 the end of the first six months there would be a general expectation that the net rate requirement would be around 50% of the annual rate requirement.

33 Due to seasonal patterns of revenue and expenditure and other trends and exceptions which are further explained under Part D the average rate requirement as at 31 December is 45% of the annual rate requirement.

34 Based on Council rates position to 31 December 2010 and the revenue and expenditure trends from the first six months of the financial year it is forecast that the Council could have a rates surplus of $41,000 at year end. This forecast rates position will be updated in the March Financial Report.

35 The analysis of the projected shortfalls in revenue and expenditure savings which support this forecast is as follows:

Analysis of Projected Surplus/(Deficit)			Projected Surplus/(Deficit) $000
Projected Revenue Shortfalls			
	Cemeteries	(55)	
	Building Consents	(216)	
	Resource Consents	(205)	(476)
Projected Revenue Surpluses			
	Subdivisional/Engineering Fees	25	25
Projected Expenditure Savings			
	Duplicated Budget		
	Libraries	48	48
Debt Servicing Savings			
	Civic Building Upgrade	15	
	Town Centre	20	
	Roading	150	
	Coastal Protection	20	
	Districtwide Stormwater	20	
	Strategic Land Purchases	28	
	Aquatic Centre	19	
	Paekākāriki Water and Stormwater	7	
	Paraparaumu/Raumati Stormwater	58	
	Waikanae Stormwater and Wastewater	8	
	Paraparaumu/Waikanae Joint Water	55	
	Ōtaki Stormwater and Wastewater	20	420
Depreciation - Coastal		24	24
Net Projected Surplus			**41**

Explanations of Projected Shortfalls in Revenue

Cemeteries

36 During the 2009 LTCCP process the Revenue and Finance Policy for Cemeteries was changed to reflect Council's direction to move from a 60% Public/40% Private Benefit to a 20% Public/80% Private Benefit over a 4 year period. This is the second year of the transition and despite the fee structure reflecting the 40% Public/60% Private Benefit impact, the total fee revenue based on the current trends at year end is predicted to be $55,000 below budget

Resource Consents

37 The Resource Consents revenue has achieved 28% of its total annual budget compared to an expected level of 50% of its annual budget by 31 December 2010. If this trend continues the projected revenue at year end is $180,000 compared with the annual budget of $420,000 due to the low level of subdivision activity.

38 There is a projected shortfall in revenue of $240,000 in resource consents revenue for the year end 30 June 2011 compared to the budget based on current trends. Although there is a reasonable number of land use consents the subdivision consents volume is significantly lower.

39 The Resource Consents team have been busy on land use consents but the current fee structure is not recovering the level of work involved in processing those consents.

40 The fee structure for land use consents will be reviewed including comparisons with other Councils and this will be reported back to Council.

41 The Resource Consent expenditure is projected to be $35,000 lower due to the following factors:

- Projected savings in staff costs of $20,000.
- Projected to be less expenditure on legal costs on Environment Court Appeals and less expenditure on Independent Commissioners and other legal costs. The projected savings of $15,000 are based on the current trends which are not expected to improve where there have been low levels of subdivision activity.

This translates to a projected net deficit of $205,000 in the Resource Consent activity.

Building Consents

42 Building Consents revenue is tracking below the budget as at 31 December 2010 with only 45% of its annual budget being achieved by 31 December 2010 compared to an expected level of 50%.

43 The revenue trend has continued to slow in January 2011 and if this continues there will be a projected shortfall of $143,000 as at year end.

44 In addition, the outsourcing of building control work with Porirua City Council has finished and the budgeted outsourcing revenue will have a shortfall in revenue of $83,000 by year end.

45 The current work pressure relating to meeting the building accreditation requirements and the key performance measures contributed to the decision to not continue with outsourcing work for Porirua City Council.

46 There are projected expenditure savings of $10,000 in advertising and the accreditation programme. The net deficit in building consents at year end is projected to be $216,000.

<u>Explanations of Expenditure Savings</u>

Duplicated Budget

47 A component of the Outreach Library project had been included in the budgets twice in error resulting in a reduction in projected expenditure of $48,000.

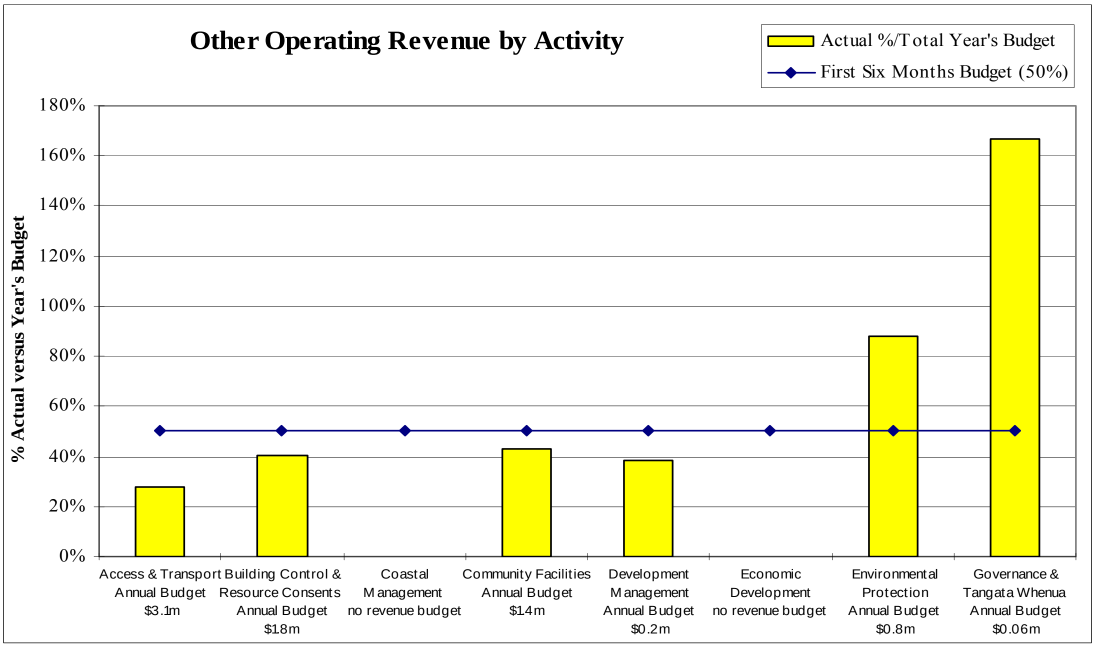
Debt Servicing Savings

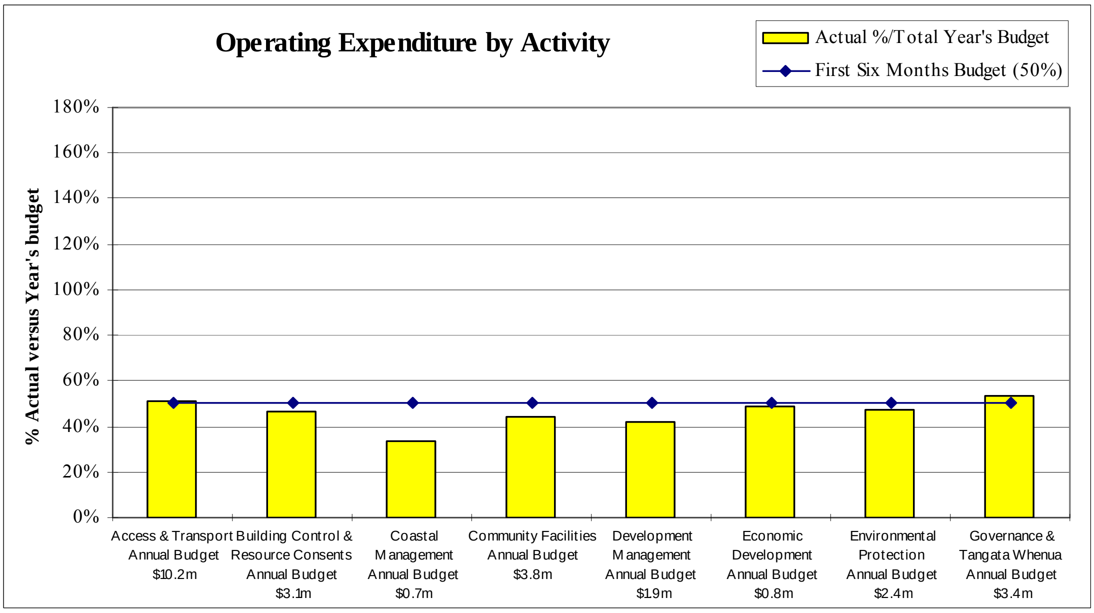
48 These debt servicing savings relate to the low level of capital expenditure in the first six months for the 2010/11 year and also to the lower average interest rates achieved on existing debt due to the management of Council's interest rate swaps.

Part D: Operating Revenue and Operating Expenditure by Activity with Explanations on Variances and Trends.

Operating Revenue/Operating Expenditure

49 The graphs below show actual other operating revenue and operating expenditure as at 31 December as a percentage of the Annual Budget for each Activity. Comments on general trends and exceptions are provided below.





Explanations of key variances for operating revenue and expenditure for each activity

Access and Transport

50 Operating Revenue is lower than budget as at 31 December 2010 due to lower level of NZTA subsidy claimable as at 31 December 2010. Even though the operating

expenditure is on target with the budget (at 50%) most of the expenditure related to roading expenditure which is not subsidised by NZTA.

Building Control and Resource Consents

51 The explanation is covered under Section 37 to 46 of this report.

Coastal Management

52 Some of the Coastal Management projects are programmed for later in the financial year and that is the reason for the lower level of operating expenditure in the first six months.

Community Facilities

53 The operating revenue is lower due to the lower level of development contributions received for the first six months.

54 The operating expenditure is lower due to the lower debt servicing costs in the first six months resulting from the timing of the major capital projects which have been planned for the second half of the financial year.

Development Management

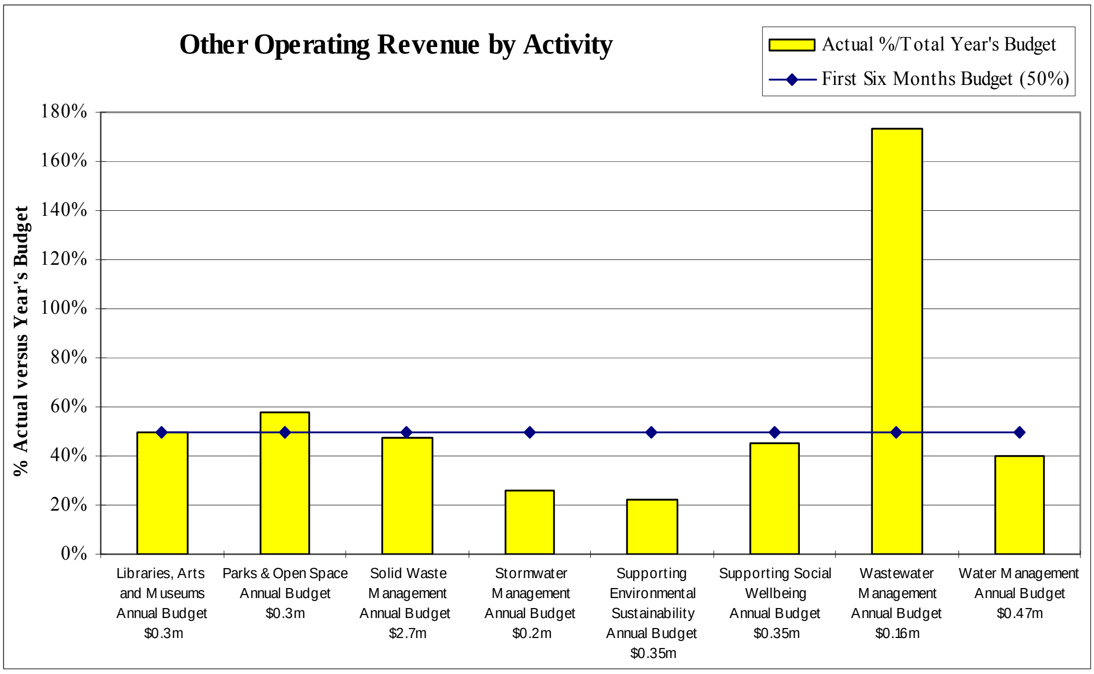
55 The lower level of revenue and expenditure for the first six months reflects the lower level of private plan changes being applied for and processed.

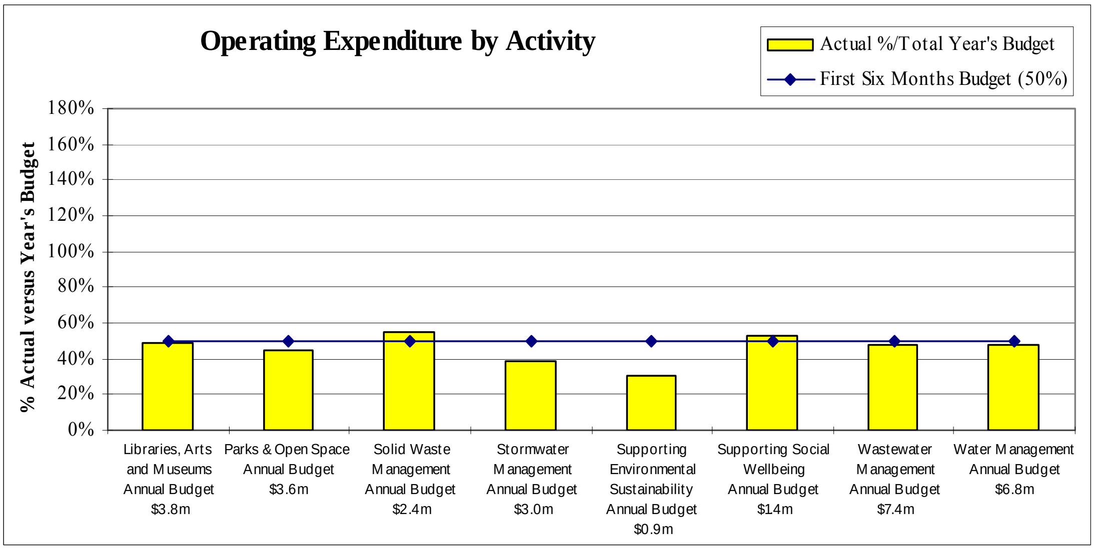
Environmental Protection

56 The revenue includes the annual Dog Registration fees which are due in early August each year.

Governance & Tangata Whenua

The higher level of Governance revenue reflects the higher level of interest received on the Council's general investments





Explanations of key variances for operating revenue and expenditure for each activity

Stormwater

57 The lower level of revenue reflects the lower level of Development Contributions received in the first six months of the financial year.

58 There has been less demand for reactive maintenance of stormwater drains that has lead to lower operating costs in the first six months. Also a major Districtwide Stormwater Operating project on water quality is being undertaken in the second half of the year.

Supporting Environmental Sustainability

59 The lower level of both revenue and expenditure relates to the energy efficiency projects which will not proceed this year as the revenue relating to fund those projects will not be received this year. This is due to the delays in the

commissioning of the Woodburner which meant there has been less time to generate the savings in the current financial year than originally planned. The delays have also meant that more loan repayments need to be recovered before the net savings are achieved.

Wastewater

60 The reason for the higher level of revenue as at 31 December 2010 is the EECA grant of $200,000 for the wood fired burner. Even though the capital grant is to assist with the funding of a capital project, under the Accounting Standards, a capital grant needs to be recognised as operating revenue.

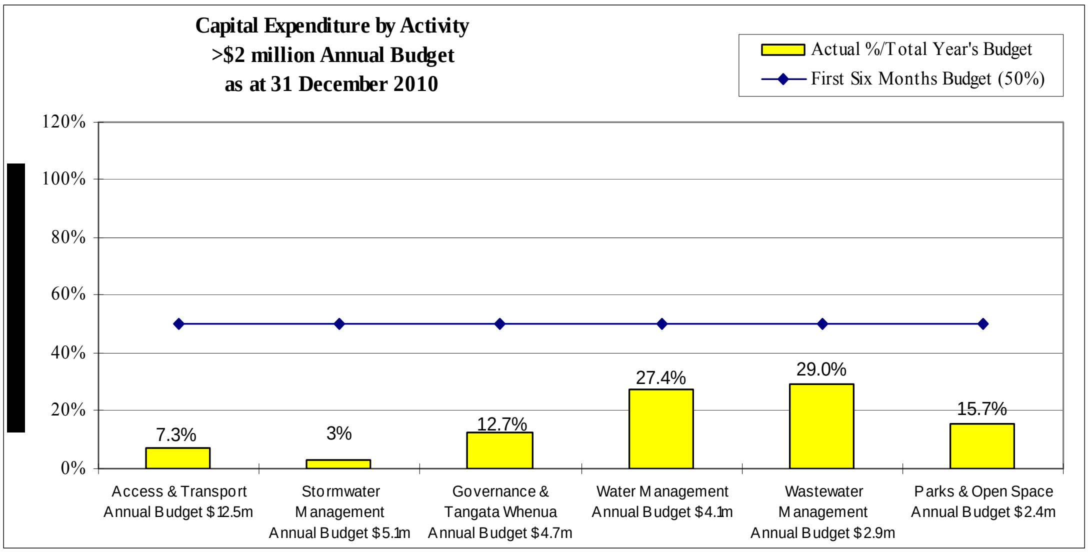
Water Management

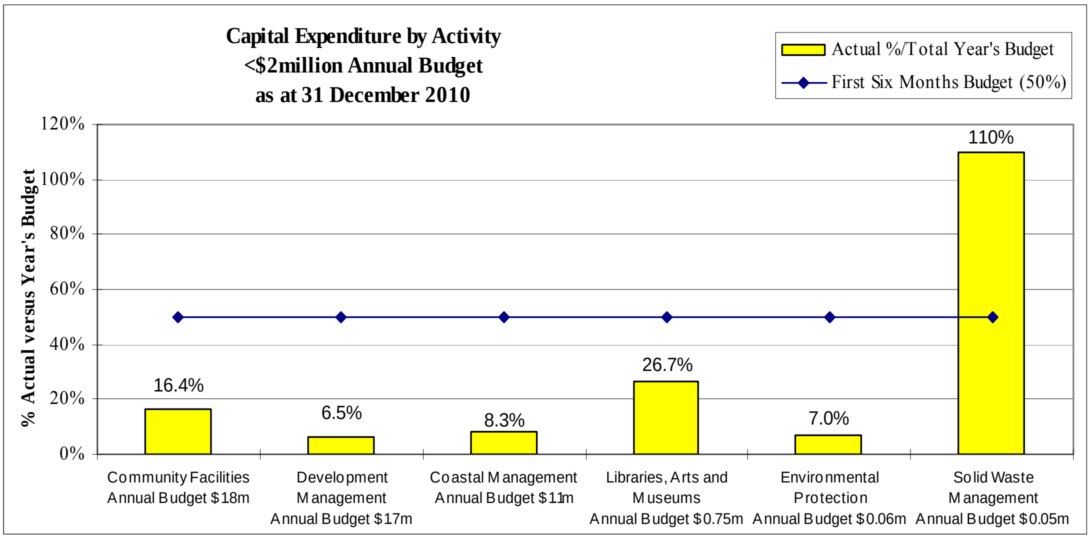
61 The lower level of revenue reflects the lower level of extraordinary water use for the first six months. The economic recession is impacting on the level of business activity and water use. Some businesses have reduced water consumption while some are not using Council water for business use because they have changed their business activity which no longer requires extraordinary water use.

62 The projections for extraordinary water consumption are lower than budgeted but the shortfall in revenue is matched by savings in energy costs associated with the Waikanae borefield. This has resulted from the District experiencing wetter summer weather so far this year.

PART E: EXPLANATION OF CAPITAL EXPENDITURE

63 A summary of the capital expenditure, set out below, shows the actual expenditure to 31 December 2010 against annual budgets and forecasts. It shows a low level of capital expenditure for the first six months of the year.

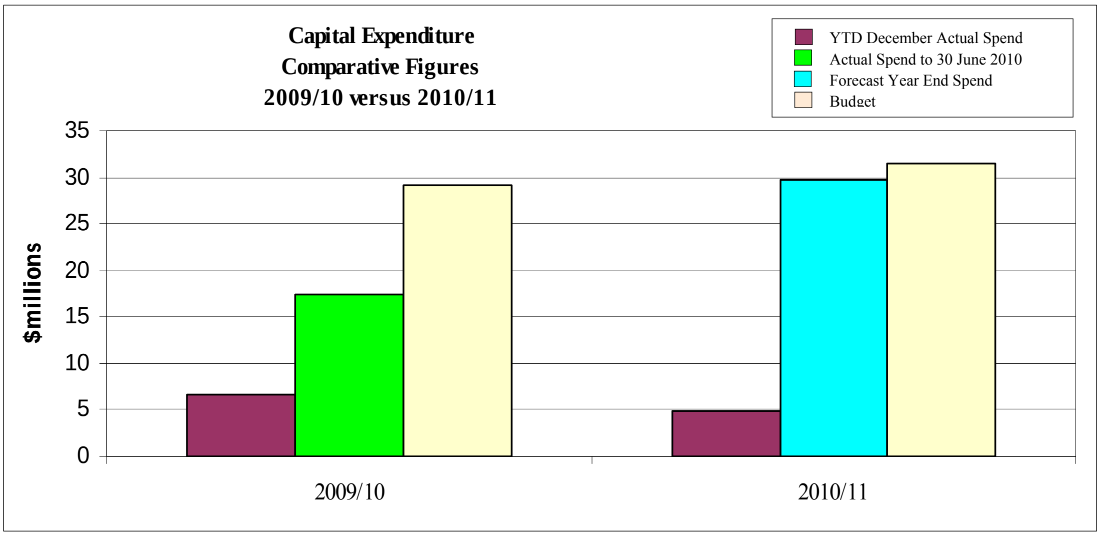




64 There are four activities which have no capital expenditure: Economic Development, Supporting Social Wellbeing, Supporting Environmental Sustainability and Building and Resource Consents

65 Net capital expenditure for the six months amounted to $4.741 million compared to the capital expenditure budget for the year of $31.470 million. This represents only 15% of the total annual capital expenditure budget spent in the first six months of the year. Some major contracts have been let since the 31 December 2010 and work is committed for the annual reseal contract, the Paraparaumu/Raumati/ Waikanae water options and Aquatic Centre design process. The forecast total capital expenditure for year end is $29.756 million which is a net reduction of $1.714 million from the budget. The key changes relate to the Paraparaumu/Raumati/ Waikanae water supply option project and the Civic Centre building refurbishment.

66 Set out below is a comparison of the capital expenditure programme between the 2009/10 year and 2010/11 as at 31 December and the actual spend. The 2009/10 capital budget included the Council's share of Western Link Road which is now on hold.

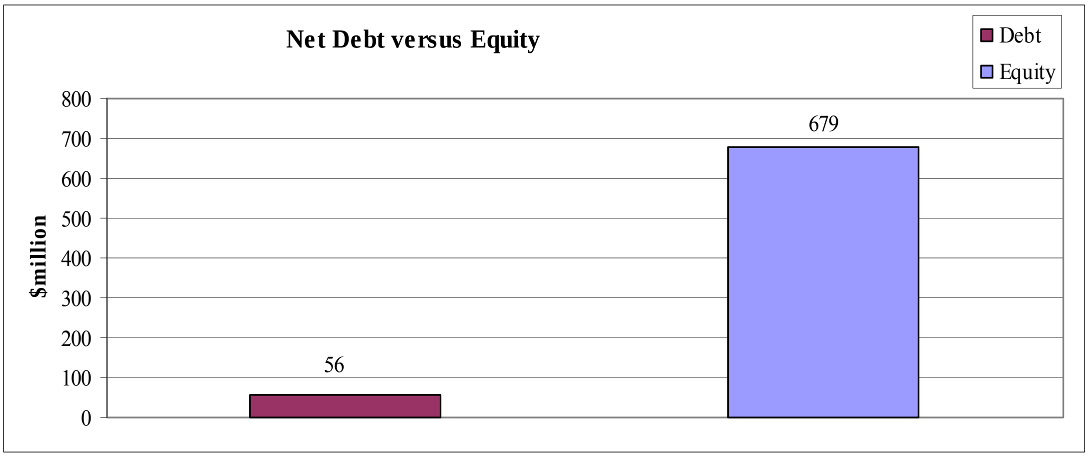


The progress on the Capital Works Programme is continuing to be monitored and updated monthly as it has an impact on the 2011/12 Annual Plan process.

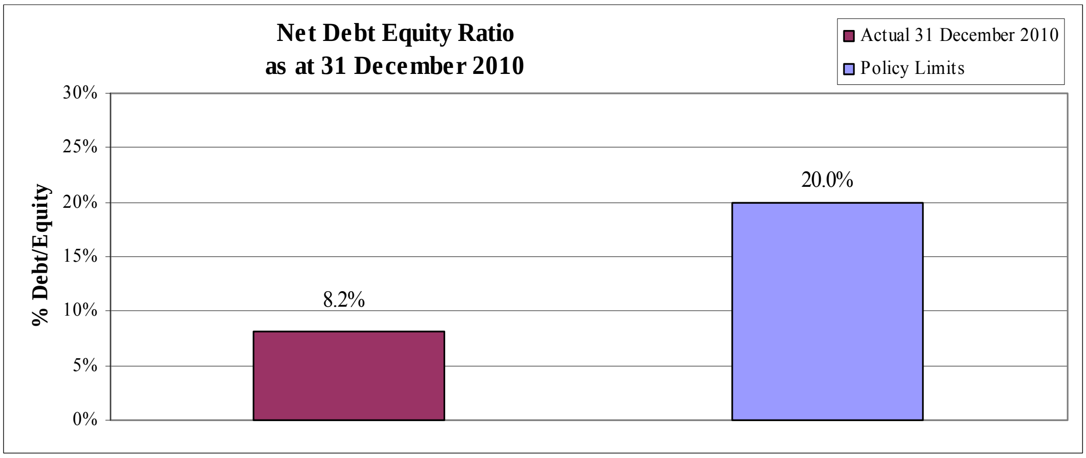
67 Since December 2010 several large contracts have been let for major capital works and based on the forecasts this will be the first year (over the last five years) that over 80% of the Capital Works Programme will be completed by 30 June 2011.

Part F: Performance against Treasury Management Policy Limits

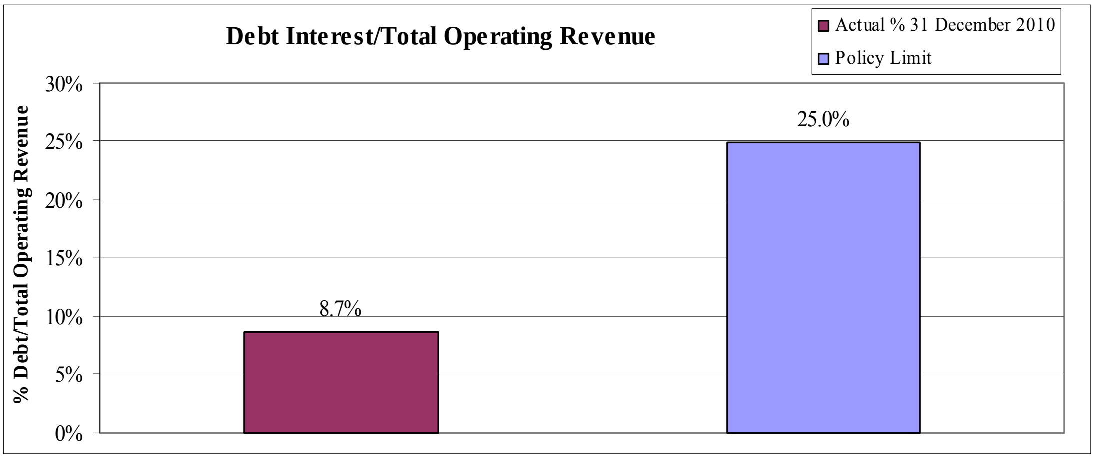
68 The graphs below shows that Council is well within its debt/equity policy limits as at 31 December 2010, as set in its Treasury Management Policy. Net Debt as at 31 December 2010 equals $56 million. Public Equity as at 31 December 2010 equals $679 million.



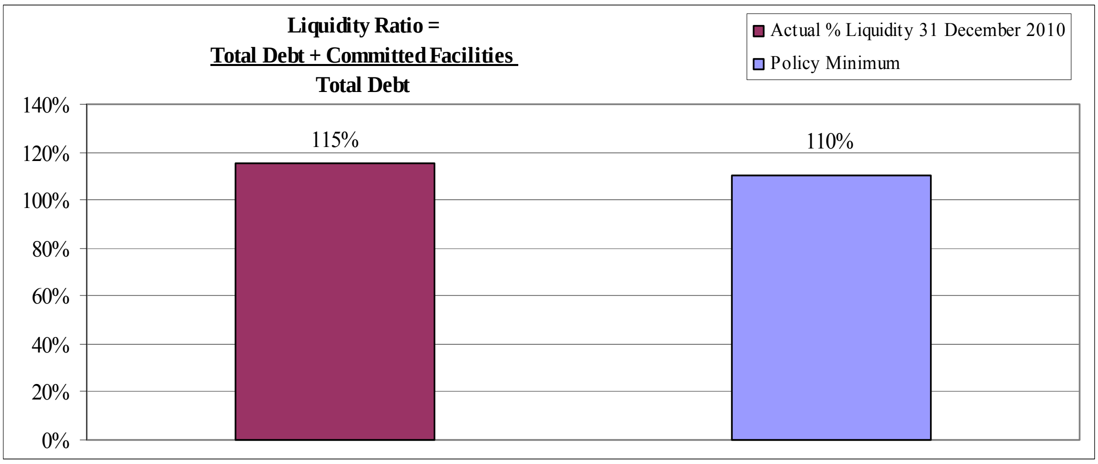
69 **The net debt equity ratio is shown below.**



The Treasury Management Policy sets the maximum limit for net debt to equity of 20%. The current position is a net debt to equity ratio of 8.2% which is well within the 20% limit.



The Treasury Management Policy sets a limit of 25% for the ratio of Debt Interest to Total Operating Revenue. The current ratio is 8. 7% which is well within the limit.



The Liquidity Ratio measures Council's ratio of its available financial facilities compared to its current debt levels. At this stage Council has sufficient facilities to cover its debt requirements but will undertake negotiations to extend facilities due to expire in the following calendar year.

Other Considerations

70 There are no further financial, legal, publicity, consultation or other considerations.

Delegation

71 The Corporate Business Committee has delegated authority to consider this report under the following delegation in the Governance Structure.

Section B.3.7:

Financial and Asset Management,

7.5: Authority to monitor performance of the Council's financial activities, including income, operating and capital expenditure against budgets, remissions, key financial indicators and investment and debt/borrowings management.

RECOMMENDATIONS

72 That the Corporate Business Committee notes the six monthly financial results contained in this report FIN-11-114.

73 That the Corporate Business Committee notes the Council's operating surplus for the first six months ended 31 December 2010 was $665,000 which covers all operating revenue and expenditure from all funding sources including non cash revenue from assets vested in Council at the time of subdivision.

74 That the Corporate Business Committee notes that based on the operating results for the first six months ended to 31 December 2010 the forecast net rates surplus is $41,000 for the year end.

75 That the Corporate Business Committee notes that the net capital expenditure for the three months amounted to $4.741 million and the forecast total capital expenditure for year end is $29.756 million compared to the capital expenditure budget for the year of $31.470 million.

Report prepared by:

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