



**TO THE MAYOR AND COUNCILLORS OF THE
MACKENZIE DISTRICT COUNCIL**

Membership of the Finance Committee:

Cr Graham Smith (Chairman)
Claire Barlow (Mayor)
Cr Russell Armstrong
Cr Murray Cox
Cr Noel Jackson
Cr James Leslie
Cr Evan Williams

Notice is given of a meeting of the Finance Committee to be held on Tuesday, November 25, 2014, following the conclusion of the Strategy and Policy Committee meeting.

VENUE: Council Chambers, Fairlie.

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday, November 25, 2014

APOLOGIES

DECLARATIONS OF INTEREST

MINUTES:

Confirm and adopt as the correct record the minutes of the Finance Committee meeting held on October 16, 2014, including such parts as were taken with the public excluded.

SUB-COMMITTEE MINUTES:

Receive the minutes of the Tekapo Property Group meeting held on November 11, 2014, including such parts as were taken with the public excluded.

REPORTS:

1. Financial Activity Report (attached).
2. Bancorp Quarterly Report (attached).
3. Long Term Plan 2015-2025 (attached).
4. Aoraki Foundation (attached).

PUBLIC EXCLUDED:

Resolve that the public be excluded from the following part of the proceedings of this meeting namely:

1. Public excluded minutes of the Finance Committee meeting held on October 16, 2014.
2. Public excluded minutes of the Tekapo Property Group meeting held on November 11, 2014.
3. Forestry Lease Agreement (attached).

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes of the Finance Committee, October 16, 2014	Enable commercial negotiations	48(1)(a)(i)
Previous minutes Tekapo Property Group, November 11	Enable commercial negotiations	48(1)(a)(i)
Forestry Lease Agreement	Enable commercial negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *All matters under section 7(2)(i).*

RESOLUTION TO RESUME OPEN MEETING

ADJOURNMENTS:

10.30am: Morning Tea

12.00pm: Lunch

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON THURSDAY, OCTOBER 16, 2014, AT 10.18AM

PRESENT:

Cr Graham Smith (Chairman)
 Claire Barlow (Mayor)
 Cr Russell Armstrong
 Cr James Leslie
 Cr Noel Jackson
 Cr Evan Williams

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
 Paul Morris (Finance and Administration Manager)
 Arlene Goss (Committee Clerk)
 Jack Montgomerie (Timaru Herald)

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Finance Committee held on September 2, 2014, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting.

Claire Barlow/Russell Armstrong

SUB-COMMITTEE MINUTES:

Resolved that the minutes of the meeting of the Tekapo Property Group meeting held on August 4, 2014, including such parts as were taken with the public excluded, be adopted.

Graham Smith/Russell Armstrong

Resolved that the minutes of the meeting of the Tekapo Property Group meeting held on October 7, 2014, including such parts as were taken with the public excluded, be adopted.

Graham Smith/Russell Armstrong

The chairman requested that the committee move into public excluded session to discuss matters recorded on the public excluded minutes of the Tekapo Property Group meetings.

PUBLIC EXCLUDED:

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

1. Public excluded minutes of the Tekapo Property Group meeting held on August 4, 2014.
2. Public excluded minutes of the Tekapo Property Group meeting held on October 7, 2014.

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes Tekapo Property Group, August 4	Enable commercial negotiations	48(1)(a)(i)
Previous minutes Tekapo Property Group October 7	Enable commercial negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1) (a) (i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Previous minutes of the Finance Committee and Tekapo Property Group under section 7(2) (i).*

Russell Armstrong/James Leslie

The Finance Committee continued in open meeting.

REPORTS:

FINANCIAL ACTIVITY REPORT TO AUGUST, 2014:

This is the financial report for council for the financial year to August, 2014.

Resolved that the report be received.

Claire Barlow/James Leslie

Finance and Administration Manager Paul Morris said he would like to raise three points. On page 53, employment expenses are lower than budget due to going through an employment process. Recruitment expenses are included in this budget.

The financials do not include any internal calculations. No internal interest or mileage has been charged yet.

Regarding the insurance payment for damage to the Old Library Café in Fairlie, the insurance company is paying us the full amount.

Cr Leslie asked regarding and item on page 64 - employment expenses under commercial activities. This relates to Twizel information centre staff.

Cr Armstrong asked if the restoration of the Old Library Café was on budget. The chief executive said at the moment it is sitting at \$40,000 under spend. We are expecting to finish the project at budget.

Cr Jackson spoke regarding the finance report layout. He showed an example of a financial report that he felt was easier to understand. Paul Morris offered to make changes to the layout of the report. The Mayor requested that any changes be advised to the community boards to enable them to understand the reports.

LETTER FROM WENDY SMITH REQUESTING SPONSORSHIP FOR BUSINESS AWARDS:

Resolved that the letter from Wendy Smith requesting sponsorship for the business awards be received.

Noel Jackson/Evan Williams

This letter is attached to the agenda at page 65. It is asking for council sponsorship for the business excellence awards. We have previously contributed \$2,000. Fairlie Bakehouse and Earth and Sky have been good performers at these awards and this has promoted the district.

The Mayor said Mackenzie businesses were benefitting from participating in these awards. It inspired people to be excellent and was a good way to celebrate businesses in the district. The sponsorship comes from council's tourism funding.

Resolved that the council continue to sponsor the Business Excellence Awards.

Russell Armstrong/Evan Williams

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 11.06am

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE TEKAPO PROPERTY GROUP HELD IN THE LAKE TEKAPO COMMUNITY CENTRE, TEKAPO ON TUESDAY, NOVEMBER 11, 2014, AT 1PM

PRESENT:

Cr Murray Cox (Chair)
Mayor Claire Barlow
Stella Sweeney
Richie Smith
Wayne Barnett (Chief Executive)

IN ATTENDANCE:

Stephen Gubb (Hughes Developments)
Arlene Goss (Committee Secretary)

APOLOGIES:

Apologies were received from Cr Graham Smith, Cr Russell Armstrong and Paul Morris, Finance and Administration Manager.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Tekapo Property Group held on October 7, 2014, be confirmed and adopted as the correct record of the meeting, including those matters taken under public excluded.

Claire Barlow/Wayne Barnett

PUBLIC EXCLUDED

Resolved that the public be excluded from the following part of the proceedings of this meeting namely:

1. Previous minutes, Tekapo Property Group, October 7.
2. Hughes Report to Tekapo Property Group.
3. Land Sale.

General subject of each matter to be considered

Reason for passing this resolution in relation to each matter

Ground(s) under section 48(1) for the passing of this resolution

Previous minutes
Tekapo Property Group,

Commercial sensitivity
Enable commercial

48(1)(a)(i)

October 7.	negotiations.	
Hughes Report to Tekapo Property Group	Commercial sensitivity	48(1)(a)(i)
Land Sale	Enable commercial negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Previous minutes of the Tekapo Property Group under sections 7(2)(i) and 7(2)(b)(ii). Hughes Report to Tekapo Property Group under section 7(2)(b)(ii), Land Sale under section 7(2)(i).*

Claire Barlow/Wayne Barnett

The Tekapo Property Group continued in open meeting.

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 3.03PM**

CHAIRMAN: _____

DATE: _____

UNCONFIRMED

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FINANCIAL REPORT – SEPTEMBER 2014
MEETING DATE: 25 NOVEMBER, 2014
REF: FIN 1/2/1
FROM: MANAGER – FINANCE AND ADMINISTRATION
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Attached is the financial report for Council for the period ended 30 September, 2014.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE AND ADMIN

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	GOVERNANCE	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
79,461	General Rates	89,586	89,586	-	✓		358,358
7,548	Targeted Rates	6,372	6,372	-	✓		25,500
11,630	Other Income	-	9,186	(9,186)	✗	1	36,750
98,639	Total Income	95,958	105,144	(9,186)			420,608
	Expenses						
9,965	Employment Expenses	20,181	16,440	(3,741)	✗		54,739
93,402	Members Expenses	81,624	80,934	(690)	✗		317,380
-	Consultancy Expenses	720	-	(720)	✗		-
7,273	Administration Expenses	12,677	15,771	3,094	✓		50,310
-	Internal interest Expense	-	78	78	✓		308
-	Depreciation	72	72	-	✓		292
378	Internal Charges	648	1,500	852	✓		6,000
111,018	Total Expenses	115,922	114,795	(1,127)			429,029
(12,379)	Operating Surplus/(Deficit)	(19,964)	(9,651)	(10,313)			(8,421)

Variance Analysis:

- Other Income - budgeted recoveries from Water Zone committees not yet billed.

Operating and Capital Reserves

	Equity					
-	Opening Balance	-	-			-
-	Add back Non Cash Items	72	72			292
-	Transfer Funded Depreciation to Capital Reserve	(72)	(72)			(292)
(12,379)	Operating Surplus/(Deficit)	(19,964)	(9,651)			(8,421)
(12,379)	Total Operating Reserves	(19,964)	(9,651)			(8,421)

	Equity					
(4,839)	Opening Balance	(4,771)	-			-
-	Transfer Funded Depreciation from Operating Reserves	72	72			292
(4,839)	Total Capital Reserves	(4,699)	72			292

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	CORPORATE SERVICES	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
468,291	General Rates	465,507	465,507	-	✓		1,862,112
38,718	Other Income	45,247	33,252	11,995	✓	1	133,000
24,792	Internal Income	27,138	32,583	(5,445)	✗	2	130,342
(118)	Internal Interest Income	(94)	(11)	(83)	✗		78
531,683	Total Income	537,798	531,331	6,467			2,125,532
	Expenses						
294,194	Employment Expenses	336,107	349,594	13,487	✓		1,340,923
37,384	Consultancy Expenses	44,576	38,355	(6,221)	✗	3	130,241
34,329	Administration Expenses	61,146	54,717	(6,429)	✗		274,299
74,507	Operational and Maintenance	59,949	68,503	8,554	✓		272,877
872	Internal interest Expense	1,676	3,199	1,523	✓		13,563
-	Depreciation	145,590	68,982	(76,608)	✗	4	161,014
11,739	Internal Charges	16,143	16,533	390	✓		66,137
453,024	Total Expenses	665,187	599,883	(65,304)			2,259,054
78,659	Operating Surplus/(Deficit)	(127,389)	(68,552)	(58,837)			(133,522)

Variance Analysis:

1. Other Income - Variance to budget due to Council receiving full year share of valuation costs from Environment Canterbury in July.
2. Internal Income - motor vehicle usage behind budget year to date.
3. Consultation Expenses - over budget as at 30 September 2014 due to unbudgetd Valuation fees of \$5,520 for insurance purposes relating to June 2014 year.
4. Depreciation - Over budget due to higher than anticipated increase in building valuations in 2014 which has generated higher depreciation.

Operating and Capital Reserves

	Equity					
(1,083)	Opening Balance	5,960	-			-
-	Add back Non Cash Items	145,590	68,982			161,014
-	Transfer Capital Expenditure to Capital Reserve	8,959	105,780			173,118
-	Transfer - Capital Expenditure	(8,959)	(105,780)			(173,118)
-	Transfer Funded Depreciation to Capital Reserve	(145,590)	(68,982)			(161,014)
-	Transfers between Reserves	-	32,499			130,000
78,659	Operating Surplus/(Deficit)	(127,389)	(68,552)			(133,522)
77,576	Total Operating Reserves	(121,429)	(36,053)			(3,522)

	Equity					
(64,231)	Opening Balance	(112,900)	(155,000)			(155,000)
-	Transfer Funded Depreciation from Operating Reserves	145,590	68,982			161,014
-	Transfer Capital Expenditure from Operating Reserve	- 8,959	(105,780)			(173,118)
(64,231)	Total Capital Reserves	23,731	(191,798)			(167,104)

Capital Expenditure							
	Administration - District						
-	0018925. Plant and Equipment	-	750	750	✓		3,000
-	Total Administration - District	-	750	750			3,000
	Council Building - Fairlie						
-	0088925. Plant and Equipment	-	-	-	✓		20,000
-	0088935. Furniture & Fittings - Admin	-	528	528	✓		2,118
-	0088940. Furniture & Fittings - Other	444	2,001	1,557	✓		8,000
-	Total Council Building - Fairlie	444	2,529	2,085			30,118
	Council Building - Twizel						
4,341	0098916. Building Renovations	-	3,000	3,000	✓	1	3,000
(7,391)	0098999. Transfer to Assets	-	-	-	✓		-
(3,050)	Total Council Building - Twizel	-	3,000	3,000			3,000
	Information Technology Support						
-	0788001. Records Mngt Program	-	2,001	2,001	✓	2	8,000
50,093	0788002. PC Server	-	-	-	✓		-
-	0788010. Network Infrastructure	174	-	(174)	✗		-
6,157	0788011. Communications Equipment	3,341	-	(3,341)	✗	3	-
-	0788012. Software	5,000	8,750	3,750	✓	4	35,000
155	0788014. Web site development	-	1,750	1,750	✓	5	7,000
1,227	0788925. Plant and Equipment	-	-	-	✓		-
(57,477)	0788999. Transfer to Assets	-	-	-	✓		-
155	Total Information Technology Support	8,515	12,501	3,986			50,000
	Plant Operations						
-	2658930. Vehicles	-	87,000	87,000	✓	6	87,000
-	Total Plant Operations	-	87,000	87,000			87,000
(2,895)	Total Capital Expenditure	8,959	105,780	96,821			173,118

Variance Analysis:

1. Budget timing of building renovations. This will occur over the next three months
2. Budget phasing. No progress yet on this project
3. Carry over from the install of the phone systems replacement last year.
4. Budget phasing. No progress yet on this project
5. Budget phasing. No progress yet on this project
6. Budget phasing. No progress yet on this project

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	WATER	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
210,110	Targeted Rates	241,114	241,206	(92)	✗		964,858
(3,004)	Other Income	(1,646)	8,877	(10,523)	✗	1	86,054
6,390	Financial Contributions	6,000	-	6,000	✓	2	158,716
750	Internal Income	750	808	(58)	✗		3,000
12,006	Internal Interest Income	12,982	47,694	(34,712)	✗	3	67,412
-	Vested Assets	-	0	0	✓		118,402
226,252	Total Income	259,199	298,585	(39,386)			1,398,442
	Expenses						
-	Consultancy Expenses	1,550	3,421	1,871	✓		13,678
2,976	Administration Expenses	3,292	5,262	1,970	✓		12,699
90,750	Operational and Maintenance	81,618	140,363	58,745	✓	4	470,295
15,597	Internal interest Expense	14,828	234,744	219,916	✓	5	372,418
-	Depreciation	129,225	121,807	(7,418)	✗	6	476,134
750	Internal Charges	750	750	-	✓		3,000
110,072	Total Expenses	231,264	506,347	275,083			1,348,224
116,179	Operating Surplus/(Deficit)	27,936	(207,762)	235,698			50,218

Variance Analysis:

- Other Income - debit balance result of water meter reading written off.
- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Internal Interest Income is below budget due to capital expenditure spent not at the beginning of the year which has resulted in capital reserve balances earning lower interest income.
- Operational and Maintenance - Consent Monitoring and Quality Monitoring costs below budget year to date.
- Internal Interest Income is below budget due to capital expenditure spent not at the beginning of the year which has resulted in capital reserve balances being charged lower interest expense.
- Depreciation ahead of budget due to increase in asset valuations for June 2014.

Operating and Capital Reserves						
	Equity					
38,556	Opening Balance	148,699	74,000			74,000
-	Add back Non Cash Items	129,225	121,807			476,134
-	Transfer Capital Expenditure to Capital Reserve	151,225	740,553			2,927,294
-	Transfer - Capital Expenditure	(151,225)	(740,553)			(3,045,696)
-	Transfer Funded Depreciation to Capital Reserve	(111,468)	(111,468)			(445,913)
-	Transfer to Capital Financial Contributions	(6,000)	-			(158,716)
-	Transfer Vested Assets to Capital	-	0			118,402
-	Transfers between Reserves	-	(1,039)			(20,177)
116,179	Operating Surplus/(Deficit)	27,936	(207,762)			50,218
154,735	Total Operating Reserves	188,392	(124,462)			(24,454)

	Equity					
788,802	Opening Balance	1,014,566	(886,000)			(886,000)
-	Transfer - Financial Contributions	6,000	-			158,716
-	Transfer - from Operating Reserve	-	-			1,023
-	Transfer Funded Depreciation from Operating Reserve	111,468	111,468			445,913
-	Transfer - Vested Assets	-	0			(118,402)
-	Transfer Capital Expenditure from Operating Reserve	(151,225)	(740,553)			(2,927,294)
-	Transfer from Operating reserves	-	177			707
788,802	Total Capital Reserves	980,809	(1,514,908)			(3,325,337)

Capital Expenditure							
	Allandale Water Supply						
-	0158211. Treatment	-	-	0	✓		5,400
-	0158215. Plant	398	-	(398)	✗		-
-	Total Allandale Water Supply	398	-	(398)			5,400
	Burkes Pass Water Supply						
6,362	0178211. Treatment Upgrade	-	-	0	✓		-
6,362	Total Burkes Pass Water Supply	-	-	0			-
	Fairlie Community Water Supply						
97,227	0118201. Town Reticulation - Renewal	4,141	27,498	23,357	✓		110,000
480	0118206. Service Connections - Renewal	-	6,501	6,501	✓		26,000
16,693	0118211. Treatment - New	11,753	8,751	(3,002)	✗		35,000
-	0118216. Vested Assets	-	0	0	✓		41,402
-	0118982. Water Meters	-	624	624	✓		2,500
114,400	Total Fairlie Community Water Supply	15,894	43,374	27,480			214,902
	Manuka Terrace Water Supply						
-	0238210. Headworks	12,474	-	(12,474)	✗	1	-
-	Total Manuka Terrace Water Supply	12,474	-	(12,474)			-
	Tekapo Community Water Supply						
8,228	0128211. Treatment - New	-	9,249	9,249	✓		37,000
-	0128212. Service Connections - Renew	-	270	270	✓		1,075
-	0128216. Vested Assets	-	0	0	✓		77,000
-	0128251. Reticulation - Renewal	-	1,344	1,344	✓		5,377
-	0128981. Water Meters	-	750	750	✓		3,000
8,228	Total Tekapo Community Water Supply	-	11,613	11,613			123,452

	Twizel Community Water Supply					
-	0138201. Town Reticulation - Renewal	5,493	-	(5,493)	✗	-
-	0138204. Headworks - Renewal	1,774	-	(1,774)	✗	-
12,982	0138206. Service Connections - Renewal	4,644	6,501	1,857	✓	26,000
-	0138207. Town Reticulation - New	19,000	0	(19,000)	✗	0
-	0138210. HeadWorks - New	38,939	50,000	11,061	✓	200,000
-	0138211. Treatment - New	48,238	612,500	564,262	✓	2,450,000
-	0138212. Servie Connections - New	536	-	(536)	✗	-
-	0138251. Fire Hydrant Markers	-	2,499	2,499	✓	10,000
-	0138287. Investigation - Manuka Tce	0	-	0	✓	-
-	0138980. Community Assets- Water Supply	3,390	13,442	10,052	✓	13,442
-	0138984. Water Meters	444	624	180	✓	2,500
12,982	Total Twizel Community Water Supply	122,459	685,566	563,107		2,701,942
141,971	Total Capital Expenditure	151,225	740,553	589,328		3,045,696

Variance Analysis:

1. Undertaking investigation work regarding Manuka Terrace

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	SEWER	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
105,876	Targeted Rates	115,163	115,296	(133)	✗		461,198
207	Other Income	1,674	-	1,674	✓		-
9,787	Financial Contributions	-	-	-	✓		132,965
6,737	Internal Interest Income	9,334	10,669	(1,335)	✗		38,844
-	Vested Assets	-	0	0	✓		222,479
122,607	Total Income	126,171	125,965	206			855,486
	Expenses						
-	Consultancy Expenses	-	2,669	2,669	✓		10,677
1,993	Administration Expenses	2,096	2,917	821	✓		10,587
37,687	Operational and Maintenance	42,427	45,927	3,500	✓		164,350
1,515	Internal interest Expense	1,075	3,506	2,432	✓		13,073
-	Depreciation	84,339	77,511	(6,828)	✗	1	299,811
41,195	Total Expenses	129,937	132,530	2,594			498,498
81,412	Operating Surplus/(Deficit)	(3,766)	(6,565)	2,800			356,988

Variance Analysis:

- Higher than anticipated depreciation due to asset revaluations at June 2014.

Operating and Capital Reserves

	Equity					
(52,942)	Opening Balance	-	-			-
-	Add back Non Cash Items	84,339	77,511			299,811
-	Transfer Capital Expenditure to Capital Reserve	20,370	27,124			268,500
-	Transfer - Capital Expenditure	(20,370)	(27,124)			(393,458)
-	Transfer Funded Depreciation to Capital Reserve	(84,339)	(77,511)			(296,689)
-	Transfer to Capital Financial Contributions	-	-			(132,965)
-	Transfer to Loan Account	-	(2,541)			(10,169)
-	Transfer Vested Assets to Capital	-	63,979			124,958
81,412	Operating Surplus/(Deficit)	(3,766)	(6,565)			356,988
28,470	Total Operating Reserves	(3,766)	54,873			216,976

	Equity					
977,571	Opening Balance	1,399,313	1,007,000			1,007,000
-	Transfer - Financial Contributions	-	-			132,965
-	Transfer Funded Depreciation from Operating Reserves	84,339	77,511			296,397
-	Transfer - Vested Assets	-	0			(124,958)
-	Transfer Capital Expenditure from Operating Reserve	(20,370)	(27,124)			(268,500)
977,571	Total Capital Reserves	1,463,282	1,057,387			1,042,904

Capital Expenditure						
	Fairlie Community Sewerage					
-	0278403. Sewer Pump Station Renewal	13,366	-	(13,366)	✗	1
-	0278410. New Reticulation - Eversley	862	-	(862)	✗	
-	0278416. Vested Assets	-	0	0	✓	62,479
-	Total Fairlie Community Sewerage	14,227	0	(14,227)	✗	62,479
	Tekapo Community Sewerage					
-	0288193. Vested Assets	-	-	-	✓	160,000
-	0288401. Sewer Reticulation - Renewal	-	1,500	1,500	✓	6,000
-	0288416. Vested Assets	-	0	0	✓	62,479
-	Total Community Sewerage	-	1,500	1,500	✓	228,479
	Twizel Community Sewerage					
-	0298410. Sewer Reticulation - New	1,073	625	(448)	✗	2,500
11,437	0298411. Sewer Treatment - New	5,070	15,000	9,930	✓	60,000
-	0298807. Resource Consent Costs	-	9,999	9,999	✓	40,000
11,437	Total Twizel Community Sewerage	6,143	25,624	19,481	✓	102,500
11,437	Total Capital Expenditure	20,370	27,124	6,754		393,458

Variance Analysis:

1. Unbudgeted Council approved expenditure replacing the Fairlie camping ground Sewer pump.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	STORMWATER	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
18,123	Targeted Rates	20,388	20,388	-	✓		81,546
3,860	Financial Contributions	-	-	-	✓		20,677
1,982	Internal Interest Income	2,314	3,379	(1,065)	✗		13,802
-	Vested Assets	-	-	-	✓		132,000
23,965	Total Income	22,702	23,767	(1,065)			248,025
	Expenses						
307	Administration Expenses	291	1,290	999	✓		3,226
11,759	Operational and Maintenance	9,611	7,308	(2,303)	✗	1	30,179
-	Depreciation	15,483	15,483	-	✓		61,943
12,066	Total Expenses	25,385	24,081	(1,304)			95,348
11,899	Operating Surplus/(Deficit)	(2,683)	(314)	(2,369)			152,677

Variance Analysis:

- Operational and Maintenance - contractor costs ahead of budget year to date.

Operating and Capital Reserves

	Equity					
-	Opening Balance	-	-			-
-	Add back Non Cash Items	15,483	15,558			62,235
-	Transfer Capital Expenditure to Capital Reserve	-	-			172,000
-	Transfer - Capital Expenditure	-	-			(172,000)
-	Transfer Funded Depreciation to Capital Reserve	(15,483)	(15,558)			(62,235)
-	Transfer to Capital Financial Contributions	-	-			(20,677)
-	Transfer Vested Assets to Capital	-	-			(132,000)
11,899	Operating Surplus/(Deficit)	(2,683)	(314)			152,677
11,899	Total Operating Reserves	(2,683)	(314)			-

	Equity					
338,349	Opening Balance	397,208	402,000			402,000
-	Transfer - Financial Contributions	-	-			20,677
-	Transfer Funded Depreciation from Operating Reserves	15,483	15,486			61,943
-	Transfer - Vested Assets	-	-			132,000
-	Transfer Capital Expenditure from Operating Reserve	-	-			(172,000)
338,349	Total Capital Reserves	412,691	417,486			444,620

Capital Expenditure							
	Tekapo Stormwater						
-	0578193. Vested Assets	-	-	-	✓		132,000
-	0578456. S/Water Structure - New	1,202	-	(1,202)	✗	1	40,000
-	0578458. Stormwater Treatment	0	-	0	✓		-
-	Total Tekapo Stormwater	1,202	-	0			172,000
-	Total Capital Expenditure	1,202	-	(1,202)			172,000

Variance Analysis:

1. Tekapo Stormwater - Stormwater treatment budget timing of spend has generated this favourable variance

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	ROADING	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
327,366	Targeted Rates	329,682	329,682	-	✓		1,318,781
344,518	Subsidies and Grants	260,307	245,945	14,362	✓		1,505,430
-	Other Income	3,083	9,324	(6,241)	✗	1	37,300
-	Internal Income	-	0	0	✓		83,932
3,321	Internal Interest Income	1,599	2,140	(541)	✗		373
-	Vested Assets	-	-	-	✓		290,000
675,205	Total Income	594,671	587,091	7,580			3,235,816
	Expenses						
3,612	Employment Expenses	33,931	27,577	(6,354)	✗	2	107,587
12,933	Consultancy Expenses	21,010	8,535	(12,475)	✗	3	24,543
353	Administration Expenses	723	1,401	678	✓		5,602
62	Internal interest Expense	341	208	(133)	✗		959
424,212	Roading	334,458	336,065	1,607	✓		1,236,539
-	Depreciation	471,621	471,621	-	✓		1,886,574
2,810	Internal Charges	2,402	3,556	1,154	✓		151,152
443,982	Total Expenses	864,486	848,963	(15,523)			3,412,956
231,224	Operating Surplus/(Deficit)	(269,815)	(261,872)	(7,943)			(177,140)

Variance Analysis:

1. Other Income below budget - Transit NZ income for street cleaning/lighting not yet received.
2. Employment Expenses ahead of budget due to holiday leave.
3. Consultancy Expenses - footbridge consultancy costs ahead of budget year to date.

Operating and Capital Reserves							
	Equity						
(26,773)	Opening Balance	(26,773)	(27,000)				(27,000)
-	Add back Non Cash Items	471,621	471,621				1,886,574
-	Transfer Capital Expenditure to Capital Reserve	119,746	151,462				1,961,871
-	Transfer - Capital Expenditure	119,746	(151,462)				(1,961,871)
(36,225)	Transfer NZTA Capital Subsidy	55,503	(76,874)				(801,398)
-	Transfer Capital rate	-	155,382				155,382
-	Transfer Funded Depreciation to Capital Reserve	221,662	(222,354)				(889,462)
-	Transfer Vested Assets to Capital	-	-				(290,000)
231,224	Operating Surplus/(Deficit)	(269,815)	(261,872)				(177,140)
168,226	Total Operating Reserves	(102,132)	38,903				(143,044)
	Equity						
1,031,049	Opening Balance	580,439	45,000				45,000
-	Transfer Funded Depreciation from Operating Reserves	221,662	222,282				889,170
-	Transfer - Rates Transferred from Ope res	119,746	(155,382)				(155,382)
36,225	Transfer NZTA Capital Subsidy	55,503	76,874				801,398
-	Transfer Vested Assest from Op reserve	-	-				290,000
-	Transfer Capital Expenditure from Operating Reserve	-	(151,462)				(1,961,871)
1,067,274	Total Capital Reserves	737,858	37,312				(91,685)

Capital Expenditure							
	District Roding						
-	2548193. Vested Assets	-	-	-	✓		290,000
12,380	2548211. Unsealed Road Metalling	16,032	106,245	90,213	✓	1	425,000
-	2548212. Sealed Road Resurfacing	-	-	-	✓		520,000
30,828	2548213. Drainage Renewal	33,192	14,000	(19,192)	✗	2	44,000
-	2548214. Sealed Road Pavement Rehabilitation	-	-	-	✓		121,000
-	2548215. Structures Component replacements bridges	40,267	-	(40,267)	✗	3	15,700
3,369	25482151. Structures Component replacements cattlestops	-	5,000	5,000	✓		10,000
21,755	2548222. Traffic Services Renewals	15,234	18,549	3,315	✓		74,200
-	2548231. Associated Improvements	-	1,251	1,251	✓		5,000
-	2548300. Footpath Minor Maintenance	1,830	-	(1,830)	✗		-
-	2548310. Footpaths - Surfacing	-	-	-	✓		70,000
-	2548341. Minor Improvements	-	-	-	✓		250,000
-	2548390. Streetscape Improvements	-	-	-	✓		21,300
-	2548395. Sealing Past Houses	-	-	-	✓		10,000
-	2548396. Manuka Terrace	-	-	-	✓		80,000
(12,732)	2548999. Transfer to Assets	-	-	-	✓		-
55,600	Total District Roding	106,553	145,045	38,492			1,936,200
	Roding Professional Services						
-	0868001. Computers	12,690	6,417	(6,273)	✗	4	25,671
-	0868925. Plant and Equipment	502	-	(502)	✗		-
-	Total Roding Professional Services	13,192	6,417	(6,775)			25,671
55,600	Total Capital Expenditure	119,746	151,462	31,716			1,961,871

Variance Analysis:

1. Timing of budget spend for the first three months does not match Actuals. This is expected to correct over the year.
2. Timing of budget spend for the first three months does not match Actuals. This is expected to correct over the year.
3. Timing of budget spend for the first three months does not match Actuals. This overspend will be covered by reduced spend in other roading areas.
4. Budget timing of spend on computers has resulted in this unfavourable variance

MACKENZIE DISTRICT COUNCIL
DETAILED ROADING ACTIVITY
For The Period Ended September 2014

LYTD Actual September 2013		YTD Actual September 2014	YTD Budget September 2014	Variance		Full Year Budget June 2015
	ROADING:					
28,823	2546111. Sealed Pavement Mtce	46,380	30,000	(16,380)	✗	172,300
86,980	2546112. Unsealed Pavement Mtce	103,301	88,245	(15,056)	✗	353,000
12,142	2546113. Routine Drainage Mtce	38,295	17,799	(20,496)	✗	71,200
6,303	25461131. Drainage Mtce - St Cleaning	6,178	13,248	7,070	✓	53,000
6,519	2546114. Structures Maintenance Bridges	17,418	19,050	1,632	✓	76,200
-	25461141. Structures Maintenance Cattlestops	260	6,399	6,139	✓	25,600
36,553	2546121. Environmental Mtce	61,226	37,500	(23,726)	✗	150,000
7,565	2546122. Traffic Services Mtce	7,774	15,348	7,574	✓	61,400
10,347	25461221. Street Lighting - Maintenanc	14,146	12,150	(1,996)	✗	48,600
15,645	25461222. Street Lighting - Electricit	15,186	11,475	(3,711)	✗	45,900
198,419	2546288. Emergency Reinstatement	-	-	-	✓	-
1,380	2546301. Street Lights - Mtce - Trans	2,856	4,551	1,695	✓	18,200
4,186	2546302. Street Lights-Elect - Transi	3,213	2,925	(288)	✗	11,700
5,847	2546303. Drainage Mtce - St Cleaning Transit	5,731	6,126	395	✓	24,500
3,064	2546304. Footpaths	12,496	17,736	5,240	✓	70,945
-	2546305. New Year Road Sweep	-	159	159	✓	640
441	2546306. Alps2ocean	-	53,354	53,354	✓	53,354
424,212		334,458	336,065	1,607		1,236,539

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	PLANNING	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
39,291	General Rates	58,977	58,977	-	✓		235,913
29,644	Other Income	23,862	24,072	(210)	✗		96,300
8,696	Reserve Contributions	2,701	-	2,701	✓	1	120,000
3	Internal Interest Income	4	6	(2)	✗		24
77,634	Total Income	85,544	83,055	2,489			452,237
	Expenses						
52,631	Employment Expenses	79,079	91,852	12,773	✓	2	354,722
30,400	Consultancy Expenses	60,670	71,250	10,580	✓	3	285,000
1,609	Administration Expenses	5,587	6,417	830	✓		25,672
-	Operational and Maintenance	253	2,184	1,931	✓		8,728
-	Depreciation	225	79	(146)	✗		103
2,059	Internal Charges	1,873	1,626	(247)	✗		6,500
86,700	Total Expenses	147,687	173,408	25,721			680,725
(9,066)	Operating Surplus/(Deficit)	(62,144)	(90,353)	28,209			(228,488)

Variance Analysis:

1. Reserve Contributions - contribution income is not budgeted as it is dependent on developer activity.
2. Employment Expenses - behind budget year to date due to senior planner not yet replaced for District Plan review.
3. Consultancy Expenses overall behind budget year to date. Plan Change 13 costs behind budget \$21,657 and District Plan review costs over budget \$15,115.

Operating and Capital Reserves

	Equity					
(942,738)	Opening Balance	(1,236,102)	(1,145,000)			(1,145,000)
-	Add back Non Cash Items	225	78			322
-	Transfer Funded Depreciation to Capital Reserve	(225)	(78)			(322)
-	Transfer to Capital Reserves	-	-			(1,030)
-	Transfer to/from Land Subdivision Reserve	(2,701)	-			(120,000)
(9,066)	Operating Surplus/(Deficit)	(62,144)	(90,353)			(228,488)
(951,804)	Total Operating Reserves	(1,300,946)	(1,235,353)			(1,494,518)

	Equity					
473	Opening Balance	631	(1,000)			(1,000)
-	Transfer Funded Depreciation from Operating Reserves	225	78			322
-	Transfer From Operating Reserves	-	-			1,030
473	Total Capital Reserves	856	(922)			352

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	REGULATORY	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
23,544	General Rates	28,305	28,305	0	✓		58,218
36,915	Targeted Rates	38,718	38,718	-	✓		154,882
136,671	Other Income	123,162	128,020	(4,858)	✗		435,373
198	Internal Interest Income	144	137	7	✓		624
197,328	Total Income	190,329	195,180	(4,851)			649,097
	Expenses						
39,433	Employment Expenses	84,697	112,580	27,883	✓		423,345
7,070	Consultancy Expenses	7,864	11,751	3,887	✓		47,000
22,112	Administration Expenses	7,329	19,448	12,119	✓	1	64,692
105,206	Operational and Maintenance	33,237	30,710	(2,527)	✗		182,045
1,367	Internal interest Expense	1,377	1,618	241	✓		5,957
-	Depreciation	11,343	11,343	-	✓		45,375
5,628	Internal Charges	5,562	10,197	4,635	✓	2	40,789
180,817	Total Expenses	151,409	197,647	46,238			809,203
16,511	Operating Surplus/(Deficit)	38,920	(2,467)	41,387			(160,106)

Variance Analysis:

- Administration Expenses - insurance costs below budget - timing issue.
- Internal Charges - Building Control motor vehicle costs below budget year to date.

Operating and Capital Reserves

	Equity					
-	Opening Balance	-	-			-
-	Add back Non Cash Items	11,343	11,343			45,375
-	Transfer Capital Expenditure to Capital Reserve	5,779	21,600			21,600
-	Transfer - Capital Expenditure	(5,779)	(21,600)			(21,600)
-	Transfer Funded Depreciation to Capital Reserve	(11,343)	(11,343)			(45,667)
-	Transfer Operating Surplus	-	8,313			(45,375)
16,511	Operating Surplus/(Deficit)	38,920	(2,467)			(160,106)
16,511	Total Operating Reserves	38,920	5,846			(205,773)

	Equity					
(49,280)	Opening Balance	(86,294)	(96,000)			(96,000)
-	Transfer Funded Depreciation from Operating Reserves	11,343	11,343			45,667
-	Transfer Capital Expenditure from Operating Reserve	(5,779)	(21,600)			(26,600)
(49,280)	Total Capital Reserves	(80,730)	(106,257)			(76,933)

Capital Expenditure						
	Civil Defence					
-	0108925. Plant and Equipment	4,154	1,600	(2,554)	✗	1,600
-	Total Civil Defence	4,154	1,600	(2,554)		1,600
	Rural Fires					
8,000	0838925. Plant and Equipment	1,625	-	(1,625)	✗	-
47,500	0838930. Vehicles	-	20,000	20,000	✓	20,000
(52,197)	0838999. Transfer to Assets	-	-	-	✓	-
3,303	Total Rural Fires	1,625	20,000	18,375		20,000
3,303	Total Capital Expenditure	5,779	21,600	15,821		21,600

Variance Analysis:

1. Motor Vehicle purchased in 2014 financial year. Budget in 2015 year

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	COMMUNITY FACILITIES	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
70,416	General Rates	82,050	82,050	-	✓		328,208
435	Subsidies and Grants	757	189	568	✓		757
29,348	Other Income	30,336	29,475	861	✓		117,893
571	Internal Interest Income	680	913	(233)	✗		3,833
100,770	Total Income	113,823	112,627	1,196			450,691
	Expenses						
19,715	Administration Expenses	20,386	21,952	1,566	✓		31,271
88,516	Operational and Maintenance	107,506	91,926	(15,580)	✗	1	367,751
85	Internal interest Expense	2,673	13,968	11,295	✓	2	28,366
-	Depreciation	46,998	23,870	(23,128)	✗	3	60,800
108,316	Total Expenses	177,563	151,716	(25,847)			488,188
(7,546)	Operating Surplus/(Deficit)	(63,740)	(39,089)	(24,651)			(37,497)

Variance Analysis:

- Operational and Maintenance costs over budget to date due to library contributions for Twizel Area School paid up to December 2014 (budget phased evenly)
- Internal Interest Expense is under budget due to capital expenditure not being spent at the beginning of the year which has resulted in capital reserve balances being charged a lower interest expense.
- Depreciation over budget as a result of increased building values due to revaluations in 2014 impacting on depreciation costs.

Operating and Capital Reserves

	Equity						
-	Opening Balance	-	-				-
-	Add back Non Cash Items	46,998	23,945				61,092
-	Transfer Capital Expenditure to Capital Reserve	282,234	-				317,652
-	Transfer - Capital Expenditure	- 282,234	-				(317,652)
-	Transfer Funded Depreciation to Capital Reserve	- 8,103	(8,103)				(32,414)
(7,546)	Operating Surplus/(Deficit)	(63,740)	(39,089)				(37,497)
(7,546)	Total Operating Reserves	(24,845)	(23,247)				(8,819)

	Equity						
102,491	Opening Balance	8,745	(187,000)				(187,000)
-	Transfer Funded Depreciation from Operating Reserves	8,103	8,031				32,122
-	Transfer Capital Expenditure from Operating Reserve	- 282,234	-				(317,652)
102,491	Total Capital Reserves	(265,386)	(178,969)				(472,530)

Capital Expenditure							
	Public Toilets						
17,311	1518916. Buildings	282,234	-	(282,234)	✗	1	317,652
17,311	Total Public Toilets	282,234	-	(282,234)			317,652
17,311	Total Capital Expenditure	282,234	-	(282,234)			317,652

Variance Analysis:

1. Public Toilets - Buildings - variance to budget due to timing. Full year budget sitting in June 2015.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	RECREATIONAL FACILITIES	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
29,910	General Rates	28,800	28,800	-	✓		115,199
274,095	Targeted Rates	343,209	343,209	-	✓		1,372,893
13,274	Subsidies and Grants	4,455	5,352	(897)	✗		21,407
91,811	Other Income	91,718	101,219	(9,501)	✗	1	205,542
519	Internal Interest Income	943	27,778	(26,835)	✗	2	32,414
409,609	Total Income	469,125	506,358	(37,233)			1,747,455
	Expenses						
(8,365)	Employment Expenses	1,823	3,714	1,891	✓		92,423
142,835	Administration Expenses	147,168	163,783	16,615	✓	3	282,083
157,845	Operational and Maintenance	143,131	459,558	316,427	✓	4	1,293,214
7,504	Internal interest Expense	6,762	9,186	2,424	✓		35,299
-	Depreciation	58,599	58,487	(112)	✗		233,825
732	Internal Charges	-	-	-	✓		-
300,551	Total Expenses	357,483	694,728	337,245			1,936,844
109,058	Operating Surplus/(Deficit)	111,642	(188,370)	300,012			(189,389)

Variance Analysis:

1. Other income - Lake Opuha rental income behind budget \$6,988 and Lease rentals - other reserves behind budget \$1,024.
2. Budget timing of interest received.
3. Administration Expenses - Twizel township donations and grants behind budget at 30 Septmber due to the timing of distribution.
4. Operational and Maintenance - Tekapo township projects behind budget year to date due to budget phasing.

Operating and Capital Reserves

	Equity					
668,683	Opening Balance	977,699	709,000			709,000
-	Add back Non Cash Items	58,599	58,487			233,825
-	Transfer Funded Depreciation to Capital Reserve	(23,440)	(22,966)			(71,330)
-	Transfers between Reserves	-	(72,093)			(288,381)
109,058	Operating Surplus/(Deficit)	111,642	(188,370)			(189,389)
777,741	Total Operating Reserves	1,124,500	484,058			393,725

	Equity					
(690,943)	Opening Balance	(589,269)	(763,000)			(763,000)
-	Transfer Funded Depreciation from Operating Reserves	23,440	22,793			71,038
-	Transfer - to/from Op Rsve	-	22,170			88,689
-	Transfer Capital Expenditure from Operating Reserve	(19,614)	(6,252)			(25,000)
(690,943)	Total Capital Reserves	(585,443)	(724,289)			(628,273)

Capital Expenditure						
	Fairlie Township					
-	0528965. Comm Asset - Public Amenities	80	-	(80)	✗	-
-	Total Fairlie Township	80	-	(80)		-
	Mackenzie Community Centre					
-	1228925. Plant and Equipment	-	5,001	5,001	✓	20,000
-	1228940. Furniture & Fittings - Other	-	1,251	1,251	✓	5,000
-	Total Mackenzie Community Centre	-	6,252	6,252		25,000
	Tekapo Community Hall					
906	1248917. Aorangi Cres Upgrade	-	-	-	✓	-
18,997	1248940. Furniture & Fittings - Other	10,207	-	(10,207)	✗	-
15,076	1248978. Resurfacing Tennis Court	-	-	-	✓	-
(45,173)	1248999. Transfer to Assets	-	-	-	✓	-
(10,194)	Total Tekapo Community Hall	10,207	-	(10,207)		-
	Twizel Reserves					
-	1068192. Other Projects	9,327	-	(9,327)	✗	-
-	Total Twizel Reserves	9,327	-	(9,327)		-
(10,194)	Total Capital Expenditure	19,614	6,252	(13,362)		25,000

Variance Analysis:

1. Budgeted Spend not yet occurred
2. Carry over from completion of Capex from 2014 year. Budgeted last year
3. Work budgeted in the 2014 year. Complete3d in this financial year.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	SOLID WASTE	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
45,822	General Rates	33,015	33,015	-	✓		132,074
107,940	Targeted Rates	125,649	125,649	-	✓		502,608
28,404	Other Income	24,856	35,022	(10,166)	✗	1	140,100
182,166	Total Income	183,520	193,686	(10,166)			774,782
	Expenses						
3,998	Employment Expenses	6,592	8,581	1,989	✓		28,171
4,435	Consultancy Expenses	695	9,959	9,264	✓	2	31,143
4,739	Administration Expenses	4,984	1,314	(3,670)	✗	3	5,266
99,406	Operational and Maintenance	171,519	169,914	(1,605)	✗		687,200
4,068	Internal interest Expense	2,992	6,711	3,719	✓	4	26,532
-	Depreciation	19,899	10,043	(9,856)	✗	5	25,407
1,447	Internal Charges	687	13,646	12,959	✓	6	21,832
118,093	Total Expenses	207,368	220,168	12,800			825,551
64,073	Operating Surplus/(Deficit)	(23,848)	(26,482)	2,634			(50,769)

Variance Analysis:

1. Other Income - RRP Gate Fees below budget \$7,799 and Sale of recycleable materials below budget \$2,862.
2. Consultancy Expenses - variance to budget is a result of timing issues - legal fees and hazardous waste contribution costs not yet incurred.
3. Administration Expenses - Waste cartage and transport costs ahead of budget.
4. Internal Interest Expense is under budget due to capital expenditure not spent at the beginning of the year which has resulted in capital reserve balances charged lower interest expense.
5. Depreciation on buildings ahead of budget as a result of increased asset values impacting on depreciation costs.
6. Internal Charges - motor vehicle expenses behind budget year to date.

Operating and Capital Reserves

	Equity					
(393,312)	Opening Balance	(316,818)	(394,000)			(394,000)
-	Add back Non Cash Items	19,899	10,043			25,407
-	Transfer Funded Depreciation to Capital Reserve	(19,899)	(10,043)			(25,407)
-	Transfers between Reserves	-	7,071			28,283
64,073	Operating Surplus/(Deficit)	(23,848)	(26,482)			(50,769)
(329,239)	Total Operating Reserves	(340,666)	(413,411)			(416,486)

	Equity					
(464,156)	Opening Balance	(448,033)	(444,000)			(444,000)
-	Transfer Funded Depreciation from Operating Reserves	19,899	10,043			25,407
(464,156)	Total Capital Reserves	(428,134)	(433,957)			(418,593)

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended September 2014

LYTD Actual September 2013	COMMERCIAL ACTIVITIES	YTD Actual September 2014	YTD Budget September 2014	Variance			Full year Budget June 2015
	Income						
43,783	General Rates	(267,684)	(267,684)	-	✓		(1,070,778)
21,973	Targeted Rates	55,726	55,908	(182)	✗		223,630
137,485	Investment Income	252,882	240,546	12,336	✓		1,022,769
115,204	Other Income	32,744	34,196	(1,452)	✗		194,616
(20,000)	Other Gains and Losses	(14,306)	-	14,306	✓	1	789,033
-	Internal Income	-	-	-	✓		(46,084)
34,900	Internal Interest Income	35,955	51,066	(15,111)	✗	2	266,828
333,345	Total Income	95,317	114,032	9,897			1,380,014
	Expenses						
5,250	Employment Expenses	24,331	-	(24,331)	✗	3	-
4,615	Members Expenses	5,077	5,001	(76)	✗		20,000
23,915	Consultancy Expenses	37,125	21,873	(15,252)	✗	4	87,491
57,022	Administration Expenses	62,603	47,582	(15,021)	✗	5	78,140
24,097	Operational and Maintenance	82,984	116,770	33,786	✓	6	463,481
29,049	Internal interest Expense	32,137	23,842	(8,295)	✗	7	84,996
-	Asset Impairment	-	-	-	✓		30,000
-	Depreciation	19,665	19,665	-	✓		78,669
143,949	Total Expenses	263,922	234,733	(29,189)			842,777
189,396	Operating Surplus/(Deficit)	(168,605)	(120,701)	(19,292)			537,237

Variance Analysis:

- Other Gains and Losses (\$14,306) are costs relating to Market Place subdivision. Revenue will come when the subdivision is complete and the sale is made.
- Internal Interest Income is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve balances earning the commercial activity lower interest income and increased interest expense.
- Employment Expenses - costs associated with the Information Centre. Budget is held in Administration activity.
- Consultancy Expenses - ahead of budget due to legal fees associated with Tekapo land sales over budget to date by \$15,775.
- Administration Expenses - Rates internally charged. Now picked up by Real Estate activity.
- Operational and Maintenance - Forestry costs are lower than budget by \$11,381 due to budget timing. Costs for A20 are \$12,498 lower than budget due to timing. Tourism service contributions are \$9,585 lower than budget as CCT have not billed us as per budget.
- Internal Interest Expense is over budget due to lower capital expenditure spent at the beginning of the year which has resulted in capital reserve balances earning the commercial activity lower interest income and increased interest expense.

Operating and Capital Reserves						
	Equity					
(201,186)	Opening Balance	(624,799)	(269,000)			(269,000)
-	Add back Non Cash Items	-	19,740			78,961
-	Transfer Capital Expenditure to Capital Reserve	-	-			-
-	Appropriation Interest	-	(2,373)			(9,500)
-	Transfer - Capital Expenditure	-	(2,220,000)			(3,700,000)
-	Transfer Capex to Ratepayers Equity	-	2,220,000			3,700,000
-	Transfer Funded Depreciation to Capital Reserve	-	(72)			(292)
-	Transfer to Capital Financial Contributions	-	-			-
-	Transfer Vested Assets to Capital	-	-			-
-	Transfers between Reserves	-	-			(1,882,000)
189,396	Operating Surplus/(Deficit)	(168,605)	(120,701)			537,237
(11,790)	Total Operating Reserves	(793,404)	(372,406)			(1,544,594)

	Equity					
52,557	Opening Balance	(431,554)	716,000			716,000
-	Transfer from Operating reserves	-	-			80,000
52,557	Total Capital Reserves	(431,554)	716,000			796,000

Capital Expenditure						
	Old Library Café					
-	0668920. Building - Renewal	284,160	-	(284,160)	✗	1
-	Total Old Library Café	284,160	-	(284,160)		
	Real Estate					
60,725	0818906. Twizel Industrial Subdivision	95,404	2,220,000	2,132,729	✓	2
60,725	Total Real Estate	95,404	2,220,000	2,132,729		
60,725	Total Capital Expenditure	379,564	2,220,000	1,848,568		

Variance Analysis:

1. Old Library Café costs are unbudgeted as Council was unsure whether building was to be repaired or rebuilt. Costs are covered by insurance monies.
2. Tekapo lake front development expected to be further progressed at this time. Delayed due to resource consent issues around stormwater.

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: BANCORP QUARTERLY REPORT – SEPTEMBER 2014

MEETING DATE: 25 NOVEMBER 2014

REF: FIN 9/1/9

FROM: MANAGER – FINANCE AND ADMINISTRATION

ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

The report has been tabled to inform Councillors of the performance of the Council's investment portfolio, which is managed by Bancorp Treasury Services Limited.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE & ADMINISTRATION

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Appendix 1: Quarterly report from Bancorp Treasury Services to 30 September 2014.

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The Council's portfolio increased in value by 2.44%, whereas the benchmark portfolio increased in value by 1.97% over the quarter, therefore the Council's portfolio outperformed compared to the benchmark.

Movements in the Portfolio

The portfolio stands at \$2.53 million. The portfolio decreased by \$0.50 million over the period. Details of the movements are as follows:

- Redeemed \$0.50million of Rotorua District Council

At the end of December the weighted average running yield of Councils bond portfolio was 6.36%.

Policy Adherence

- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.73 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.49 years.
- Assets category percentages are as follows (excluding the call deposit):
 - Registered Banks 80.21%
 - Local Authorities 19.79%

Financial Market Movements

The official cash rate increased 0.25% to stand at 3.50%.

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the quarter ended 30 September 2014

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

PORTFOLIO REPORT

Below is a summary of the performance of Mackenzie District Council's ("MDC") Long Term Funds Portfolio ("LTFP") and the benchmark portfolio for the quarter ended 30 September 2014.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 2.44%.

MDC portfolio value at 30 June 2014	\$ 3,134,589
MDC portfolio value at 30 September 2014	\$ 2,646,972
Add coupon payments	\$ 64,025
Net purchases/sales/maturities	\$ 500,000
Total	<u>\$ 3,210,997</u>
Percentage change in effective cash value	+ 2.44%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.97%.

Benchmark portfolio value at 30 June 2014	\$ 10,519,664
Benchmark portfolio value at 30 September 2014	\$ 10,547,804
Add coupon payments	\$ 179,575
Total	<u>\$ 10,727,379</u>
Percentage change in effective cash value	+ 1.97%



OVERVIEW

A summary of the performance of MDC's LTFP during the September 2014 quarter is as follows:

- The LTFP outperformed the benchmark index, increasing in value by 2.44% compared to the benchmark portfolio's increase of 1.97%.
- The running yield of the portfolio as at 30 September 2014 was 6.36%.
- The nominal value of the portfolio declined by \$500,000 to \$2,527,000. However, \$6.1 million has been invested in term deposits.

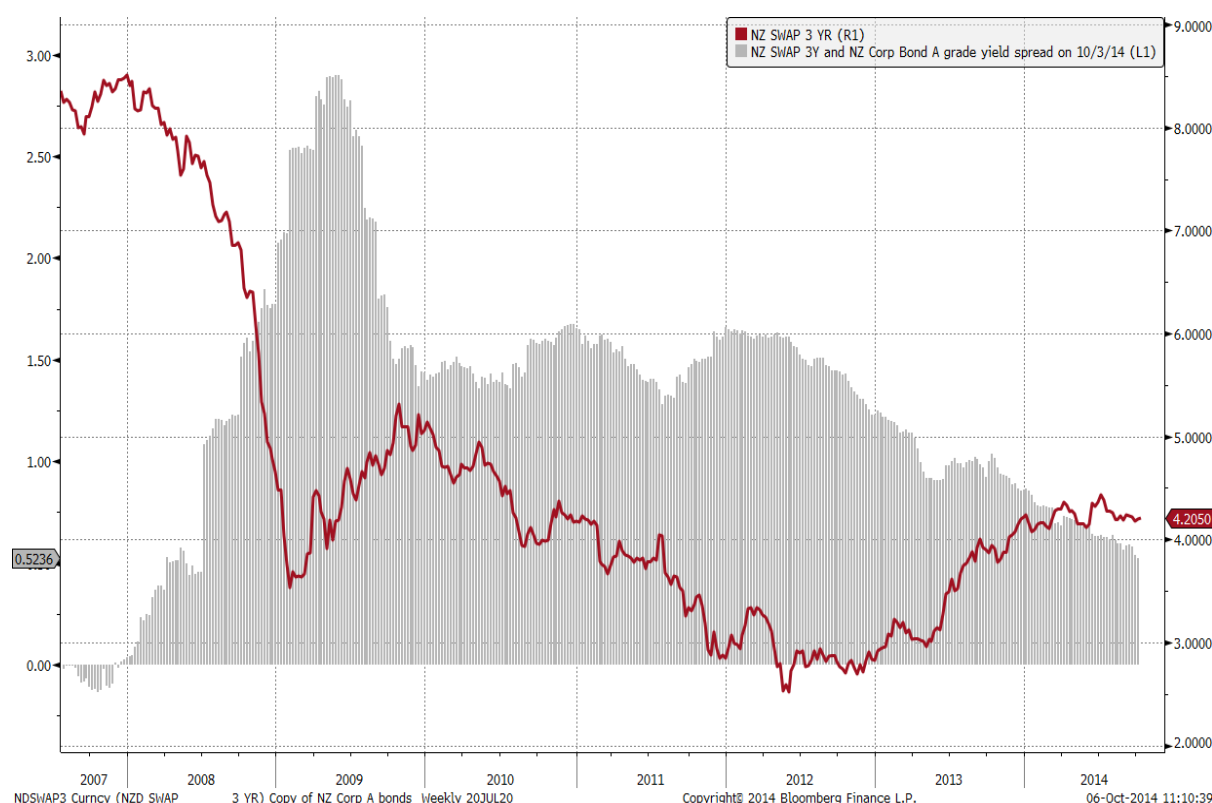
	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30 Jun 14	3.25%	3.63%	3.93%	4.20%	4.38%	4.60%	4.89%
30 Sep 14	3.50%	3.70%	3.86%	4.08%	4.22%	4.37%	4.57%
Change	+0.25%	+0.07%	-0.07%	-0.16%	-0.16%	-0.23%	-0.32%

During the September 2014 quarter, money market rates continued to rise, as the Reserve Bank of New Zealand ("RBNZ") increased the Official Cash Rate ("OCR") in July by 25 basis points to 3.50%. However, swap rates declined, pushed lower by a more benign global growth outlook, plummeting bond yields in Europe, geopolitical tensions in Iraq/Syria and the Ukraine and falling dairy prices, the latter leading to lower business confidence in New Zealand.

The yield curve continued to flatten over the quarter with the benchmark spread between the 2 year and 10 year swap rates declining from an opening level of 69 basis points to close at 49 basis points. This spread and the mere 21 basis point spread between the 5 year and 10 years swap rates indicates low domestic inflation and low growth expectations over the medium to longer term. Whether current levels are being overly pessimistic with regards to growth and inflation remains to be seen.

Credit spreads in New Zealand declined slightly during the quarter, from an average of 63 basis points over swap for the ANZ Corporate A Grade Bond index at the end of June down to 52 basis points by the end of September. With credit spreads declining and interest rates from 2 years onwards falling, the September quarter provided borrowers who accessed the bond market with low outright borrowing costs.

The chart on the following page shows credit spreads for the Corporate A Grade Bond index (the grey shaded area) and the 3 year swap (red line) dating back to mid 2007 when credit spreads over swap were below zero. They reached a peak of 288 basis points in early to mid 2009.



PORTFOLIO ACTIVITY

The LTFP outperformed the benchmark portfolio over the September quarter, increasing in value by 2.44% compared to the benchmark portfolio's increase of 1.97%. This outperformance is due to the longer duration of the LTFP (2.73 years) compared to the benchmark portfolio (2.49 years) and the direction that interest rates took during the quarter. While short term money market rates rose, swap and bond rates from one year onwards fell. Thus, with MDC having a longer duration than the benchmark index, it was better positioned to benefit from the fall in yields than the benchmark portfolio.

For comparative purposes, the ANZ Corporate 'A' Grade Bond index (which most closely replicates the benchmark index and MDC's portfolio) increased in value by 1.93% during the quarter. This index takes into account coupon reinvestment which neither the benchmark index nor the LTFP does. If this was factored into the calculations for both portfolios, the performance would be higher. The 1 year return for the period ending 30 September for the LTFP was 6.24%, compared to 5.13% for the benchmark index and 5.36% for the ANZ Corporate 'A' Grade Bond index.

There was one bond maturity during the quarter (\$500,000 Rotorua District Council on 25 September) with the proceeds being reinvested in a term deposit. As has been the situation for some time, bank term deposits were preferred to corporate bonds for both the bond maturity and maturing deposits.

Details of MDC's term deposits which have a weighted average of 4.51% as at 30 September are listed below.

- \$1.0 million invested for 120 days to mature on 28 November 2014 at a rate of 4.51%.
- \$1.5 million invested for 96 days to mature on 2 December 2014 at a rate of 4.48%.
- \$3.6 million invested for 120 days to mature on 4 December 2014 at a rate of 4.53%.

The following table shows the yields on various corporate bonds as at 30 September 2014 in which MDC would be able to invest under the parameters of its Treasury Policy. This indicates that the interest rates that MDC has received on its term deposits are still higher than equivalent bond rates.

MDC would have to invest in bonds with a maturity of around 2¼ years to get a yield equivalent to what it received for its term deposits. With upside pressure on medium and longer term rates likely to come when the US Federal Reserve ("Fed") gets closer to increasing the Fed Funds rate, we believe that it is preferable to avoid investing in longer dated bond maturities which have the attendant risk of suffering capital losses in the event that rates do increase.

Security	Maturity	Coupon	Rating	Yield
Auckland Council	02-10-14	6.68%	AA	3.62%
Westpac	16-03-15	4.86%	AA-	3.94%
BNZ	27-05-15	8.67%	AA-	3.99%
ANZ	16-02-16	6.31%	AA-	4.32%
Tauranga CC	15-04-16	6.25%	A+	4.40%
Dunedin City Treasury	15-11-16	6.79%	A+	4.49%
ASB Bank	08-06-17	6.06%	AA-	4.63%
Transpower	30-11-18	5.14%	AA-	4.84%
BNZ	20-12-18	6.10%	AA-	4.92%
Rabobank	19-03-19	6.10%	AA-	5.05%

As at 30 September 2014, MDC complied with the credit rating criteria contained in the Treasury Policy. Bancorp Treasury continues to classify the ANZ Bank April 2018 bond under the Moody's Investors Service ("Moody's") 'equivalent test' which is permissible under the Treasury Policy. Currently its Moody's long term rating is 'A3'.

Overall, Bancorp Treasury is satisfied with the makeup and profile of MDC's portfolio. The running yield of 6.36% still delivers considerable benefits over the interest rates available for shorter term money market investments.

Global Markets Overview

Geopolitical tensions (Ukraine, Iraq/Syria and Gaza), signs of a continued but moderate US recovery and anaemic European growth and inflation have been the main influences on interest rate markets recently, resulting in a fall in global bond yields and a rush to safe haven currencies. Faced with 10 year government bond yields in countries such as Germany, Switzerland and Japan below 1.00% and the yields on many Eurozone 2 year government bonds negative, international investors sought higher yielding US bonds, which further boosted the US dollar and pulled down yields on US Treasury bonds.

The German 10 year finished September at 0.90%, which helped push its US equivalent (the 10 year Treasury bond) yield to 2.49% (it reached 2.30% in mid-August). Even bond yields in countries such as Greece, Italy, Spain and Portugal which were forced to implement strict austerity measures in 2012 to curb huge budget surpluses have fallen sharply as investors have sought yield and ignored fundamentals.

At its September FOMC the Federal Reserve ("Fed") reiterated that it would keep interest rates near zero for a *"considerable time"* after asset purchases are concluded. The Fed continued to taper its bond purchases to USD15 billion and is on track to wind up its quantitative easing programme at the end of October. The Fed also raised its Fed Funds rate projections for the end of 2015 to 1.375% up from 1.125% in June. It noted that *"labor market conditions improved somewhat further"* while there is underutilisation of labour resources. Inflation is also tracking lower than targeted. US CPI fell 0.2% in August, the first monthly decrease since April 2013. This saw annual inflation drift lower to 1.7%.

Weak Eurozone GDP and inflation data resulted in the European Central Bank ("ECB") introducing further measures to try and engender some form of meaningful economic growth in the 18 member bloc. In early September the ECB cut its main lending rate to 0.05%, from 0.15% and further lowered its already negative rate for overnight deposits from banks to minus 0.20%, from minus 0.10%. ECB President Mario Draghi also announced two new asset buying programmes for asset backed securities and covered bonds. Draghi said the *"measures are predominantly oriented to credit easing"* and to *"extend credit to the real economy"*. He also said the ECB acted because *"the data we got in August on GDP and inflation showed that the recovery was losing momentum"* and that the ECB sees *"a worsening of the medium term inflation outlook, a downward movement in all indicators of inflation expectations."* Draghi stressed that the ECB will not be able to cut its interest rates any further, indicating that the new quantitative easing measures would total at least EUR700 billion.

In China, sluggish manufacturing activity and weak housing data are acting as a weight on sentiment toward the world's second largest economy; with many analysts seeing little sign of improvement in the Chinese housing market and say that the structural oversupply will take more than three years to work through. The Chinese central bank injected CNY500 billion into the banking system by way of cheap three months loans in September to stimulate credit and economic growth, but many consider this will be insufficient unless it is part of a larger campaign of stimulus.



NEW ZEALAND MARKET OVERVIEW

As expected, the Reserve Bank of New Zealand (“RBNZ”) held the Official Cash Rate (“OCR”) at 3.50% in its September *Monetary Policy Statement* (“MPS”). The RBNZ revised down its inflation assumptions, lowered its projection for the 90 day rate to be very close to market pricing and re-stated July’s opinion that the New Zealand dollar’s *“current level remains unjustified and unsustainable”*. The extent of that revision and a lower inflation track, the reasons behind them and the lack of forward guidance were unexpected and created waves for the New Zealand dollar and local interest rates.

A raft of economic data released late in the quarter gave the markets much to digest. According to NZIER’s latest consensus forecasts, New Zealand’s economic recovery has peaked with GDP growth expected to decrease from 3.8% in the March 2014 year to 3.3% in March 2015 and then 2.9%, 2.2% and 1.9% in the following years. This decrease was expected but, if looking at it from a glass half full approach, the absence of any talk of a hard landing for the economy is of some comfort.

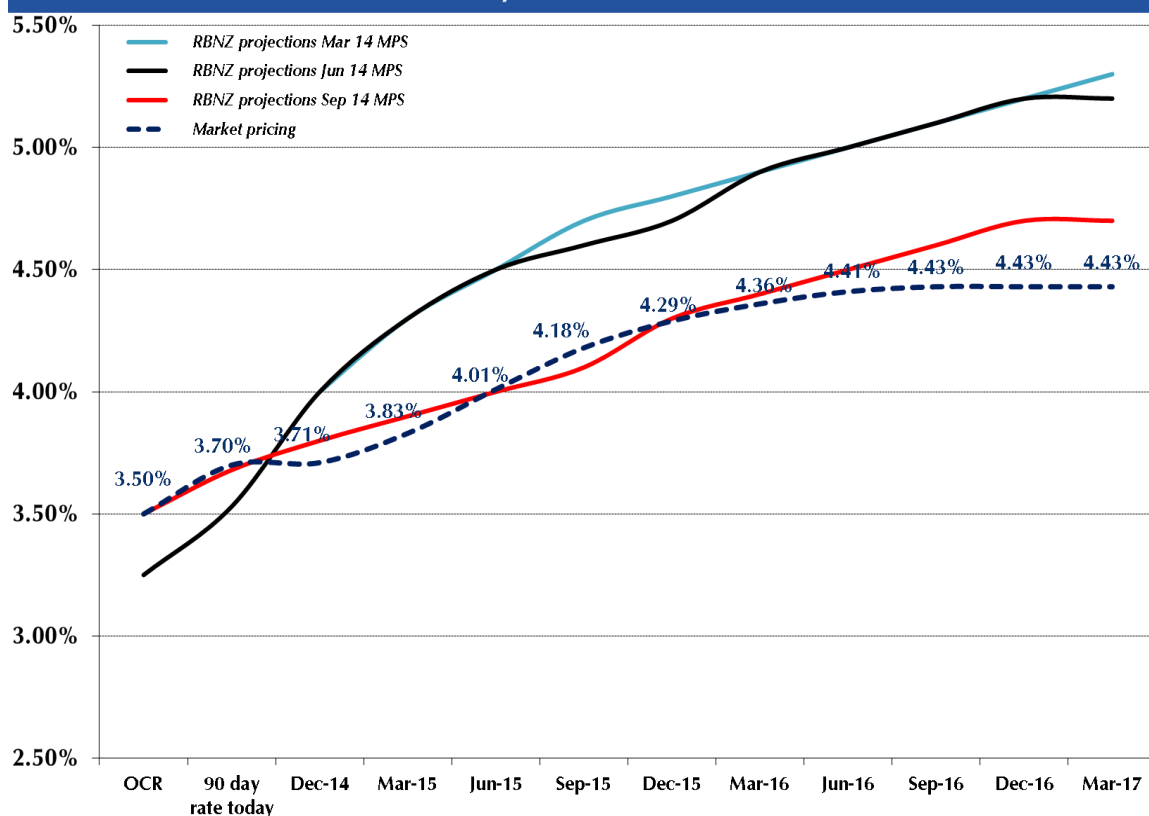
A lower GDP reading for the June quarter was expected and eventuated. GDP grew 0.7% in the June quarter, down from 1.0% in each of the two previous quarters. The growth figure that policymakers (Treasury and RBNZ) and economists focus on, the year on year comparison, showed GDP rose by 3.6% over the June year, from 3.2% in March and 2.2% in the previous June year. The main drivers of growth in the quarter were business services, construction and trade.

The Fonterra result for the year ended 31 July 2014 showed a sharp drop in profit down to \$179 million, compared to \$736 million for the previous year. This was despite revenue increasing by 19% to \$22.3 billion. At the same time as announcing its result, Fonterra further reduced the forecast payout for the 2014/2015 season to \$5.30, from \$6.00 and warned that *“under the current market conditions, there is further downside risk, however the forecast reflects expectations that prices will increase in the medium term”*.

In the last six weeks of the quarter, short term interest rates (out to one year) rose in response to the 25 basis point hike in the OCR on 24 July. However, medium and longer term swap rates declined in line with moves in offshore bond markets, the falling dairy price, and a more benign inflation and economic growth outlook in New Zealand. The fall has been more pronounced at the long end of the curve with the 5 year swap rate declining by 29 basis points and the 10 year swap by 34 basis points.

The chart on the following page shows the 90 day bank bill futures pricing as at 30 September and the RBNZ’s projections from the last three MPSs. The red line shows the RBNZ’s most recent projection in the September MPS and the dotted blue line the 90 day bank bill futures pricing.

90 day bank bill futures



LOCAL AUTHORITY SECTOR

The Local Government Funding Agency ("LGFA") held its last tender for the quarter on 24 September. In total, \$270 million of fixed rate bonds and Floating Rate Notes ("FRN") were issued, with \$808 million of bids received. Details of the tender were as follows:

- 15 April 2020 maturity - \$105 million issued at a margin of 57 basis points over swap for an unrated borrower equating to an all up fixed rate for an unrated borrower of 5.00%.
- 15 May 2021 maturity - \$25 million issued at a margin of 62 basis points over swap for an unrated borrower equating to an all up fixed rate for an unrated borrower of 5.08%.
- 15 April 2023 maturity - \$140 million issued at a margin of 77 basis points over swap for an unrated borrower equating to an all up fixed rate for an unrated borrower of 5.32%.

The resurgence in standalone bond issuance by local authorities mentioned in the June report continued during the September quarter. Details of some of the recent issues are as follows:

- Masterton DC unrated 3 year issue at a margin of 40 basis points.
- Waitomo DC unrated 3 year issue at a margin of 50 basis points.
- Palmerston North CC rated 'AA' 3 year issue at a margin of 40 basis points.
- Ashburton DC unrated 3 year issue at a margin of 42 basis points.
- Tasman DC rated 'AA-' 4 year issue at a margin of 45 basis points.

- Timaru DC unrated 4 year issue at a margin of 45 basis points.
- Porirua CC rated 'AA' 5 year issue at a margin of 37 basis points.

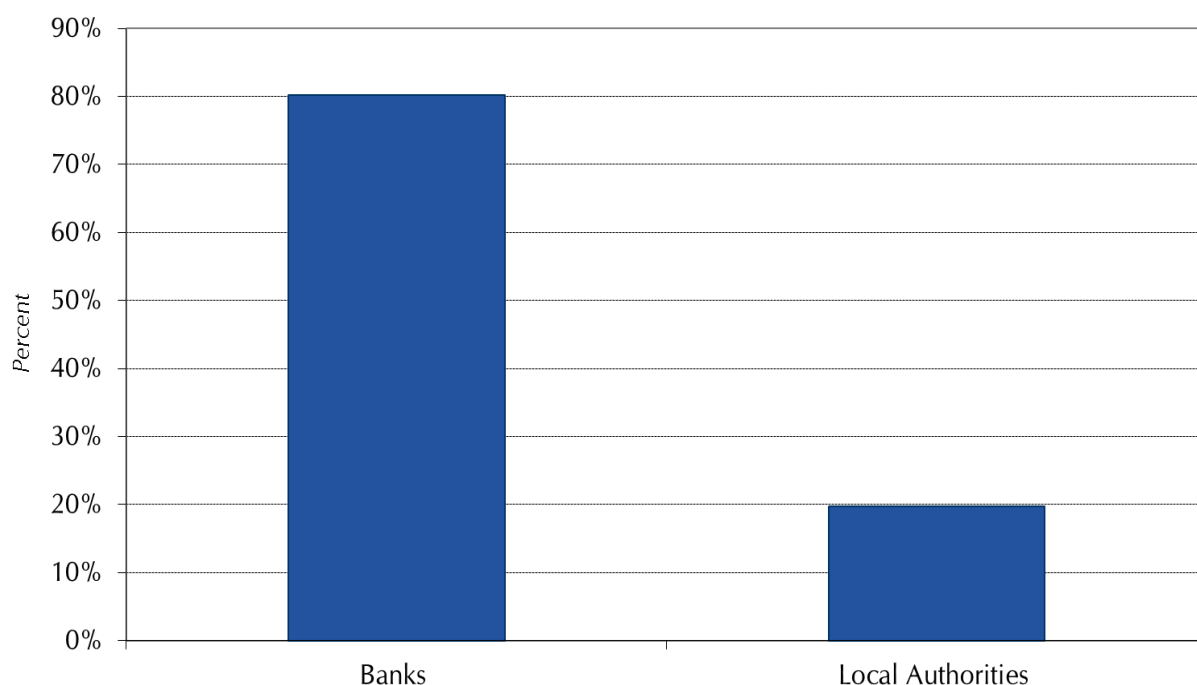
In addition to the margin, brokerage of either 2 or 3 basis points normally applies to each transaction.

POLICY ADHERENCE

- As at 30 September 2014, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 2.73 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.49 years.
- As far as liquidity is concerned, all of the bonds in the portfolio have been traded regularly on the secondary market during the September quarter. We are confident that the portfolio would be able to be sold at short notice if required.
- As at 30 September 2014, the asset category percentages complied with the Treasury Policy. These are as listed below and are illustrated in the chart:-

- Banks	80.21%
- Local Authorities	19.79%

Mackenzie DC Asset Category Percentages

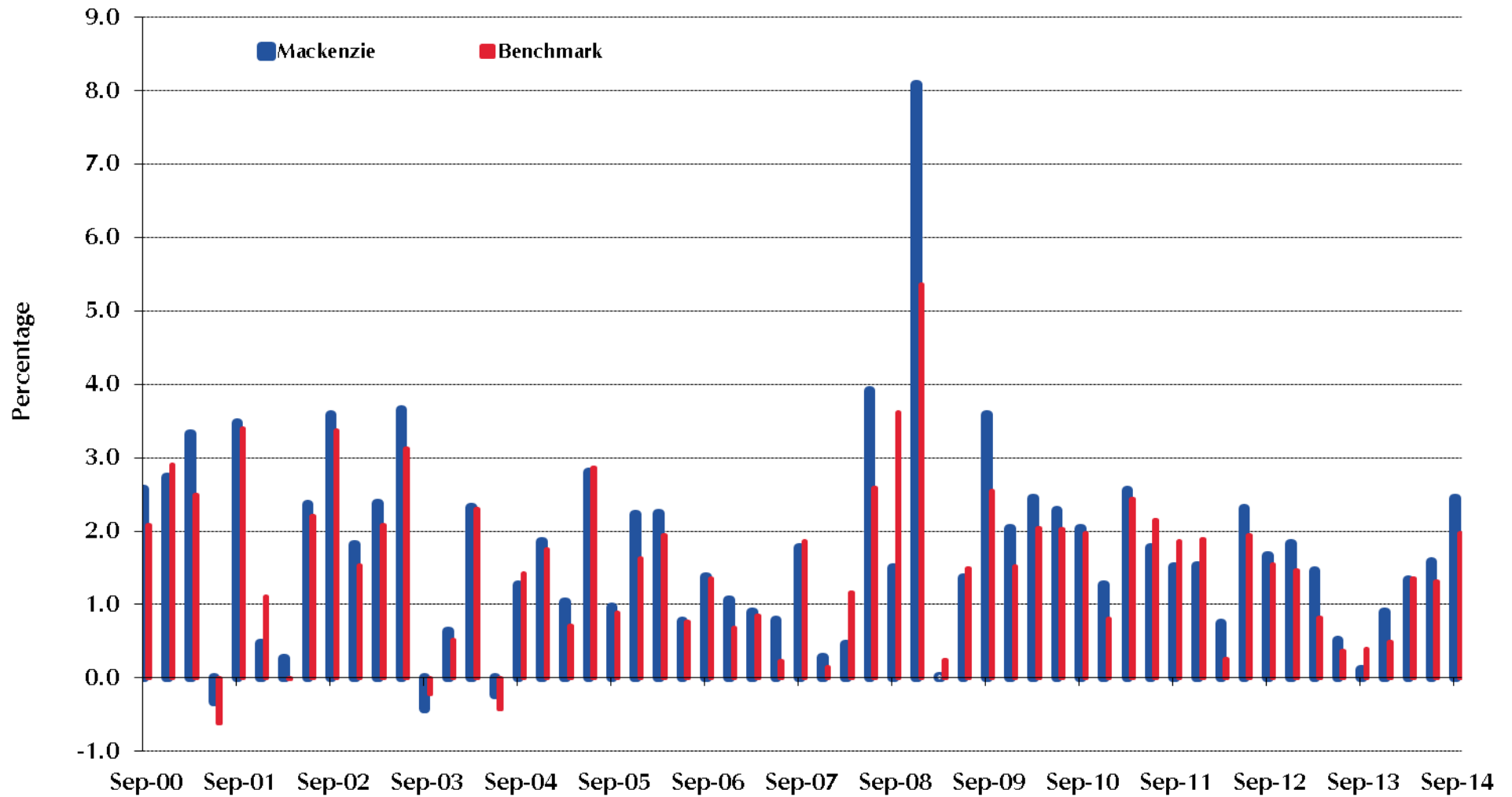


Benchmark											
Security	Issue Date	Maturity Date	Coupon	<u>30-Jun-14</u>	Yield	Value	<u>30-Sep-14</u>	Coupons	Yield	Value	Effective cash
				Nominal			Nominal	01/07 to 30/09			
				\$		\$	\$	\$		\$	30/09/2014
											\$
Fonterra*	15-Mar-09	15-Mar-15	7.75	1,000,000	4.11	1,028,461	1,000,000	\$19,375	4.00	1,020,702	1,040,077
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	4.16	1,047,709	1,000,000		3.99	1,059,673	1,059,673
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	5.03	1,035,019	1,000,000		4.69	1,053,763	1,053,763
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	5.02	1,010,890	1,000,000		4.64	1,031,128	1,031,128
Telstra	15-Jul-12	11-Jul-17	7.51	1,000,000	5.25	1,097,802	1,000,000	\$37,550	5.00	1,080,812	1,118,362
Auckland Council	20-Apr-04	29-Sep-17	6.52	1,000,000	4.80	1,067,533	1,000,000	\$32,600	4.46	1,057,378	1,089,978
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	5.11	1,082,261	1,000,000	\$34,250	4.81	1,071,207	1,109,111
ASB	19-Jul-12	18-Jul-18	5.06	1,000,000	5.16	1,019,142	1,000,000	\$25,300	4.87	1,016,620	1,109,112
Rabobank NZ	19-Mar-12	19-Mar-19	6.10	1,000,000	5.32	1,049,158	1,000,000	\$30,500	5.05	1,043,378	1,073,878
Transpower	10-Jun-12	10-Jun-20	6.95	1,000,000	5.40	1,081,688	1,000,000		5.07	1,113,144	1,113,144
				<u>\$10,000,000</u>		<u>\$10,519,664</u>	<u>\$10,000,000</u>	<u>\$179,575</u>		<u>\$10,547,804</u>	<u>\$10,798,226</u>
Value as at 30/06/2014						\$10,519,664			30/09/2014		10,547,804
									Coupons		179,575
									Net Purchases/Sales		Nil
											10,727,379
*Quarterly coupon									Effective change in cash		\$207,716
									% change		1.97%
									Duration-years		2.49

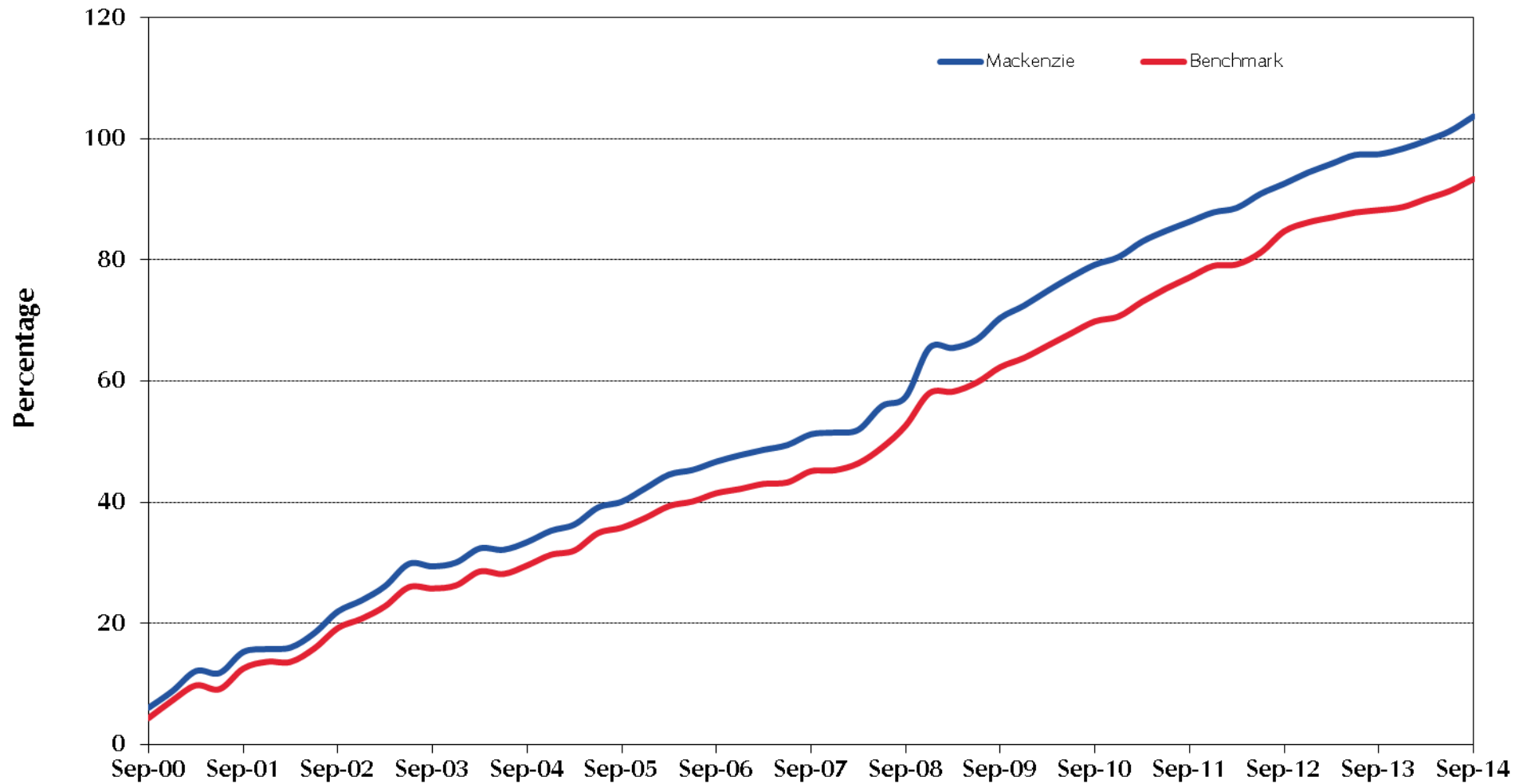
Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	<u>30-Jun-14</u> Nominal \$	Yield	Value \$	<u>30-Sep-14</u> Nominal \$	Coupons 01/06 to 30/09	Yield	Value \$	Effective Cash 30/09/2014
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	3.93	511,497		16,225			16,225
BNZ	27-May-08	27-May-15	8.67	500,000	4.16	523,854	500,000		3.99	529,837	529,837
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	4.80	533,904	500,000	32,600	4.46	528,818	561,418
ANZNATIONAL	18-Apr-08	18-Apr-18	5.28	500,000	5.94	494,138	500,000		5.56	507,432	507,432
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	5.18	525,251	500,000	15,200	4.92	521,529	536,729
BNZ	20-Dec-11	20-Dec-18	6.10	527,000	5.23	545,944	527,000		4.92	559,356	559,356
				\$3,027,000		\$3,134,589	\$2,527,000	\$64,025		\$2,646,972	\$2,710,997
Value 31/03/2013						<u>\$3,134,589</u>					
							Value 30/09/2014				2,646,972
							Coupons				64,025
							Net maturities and adjustments				500,000
											<u>3,210,997</u>
							Effective change in cash				\$76,408
							% change				2.44%
							Duration-Years				2.73



Mackenzie DC vs Benchmark - Quarterly



Mackenzie DC vs Benchmark - Cumulative



MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: LONG TERM PLAN 2015-2025
MEETING DATE: 25 NOVEMBER 2014
REF: LTP 2015-2025
FROM: MANAGER FINANCE & ADMINISTRATION
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

To inform Council on the Long-Term Plan project, costs and progress to date.

STAFF RECOMMENDATIONS:

1. That the report be received and the content noted.

PAUL MORRIS
MANAGER FINANCE & ADMINISTRATION

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

BACKGROUND:

Council is required, every three years, to produce a Long-Term Plan document setting out the way forward over a ten year period. With the latest amendment to the Local Government Act, five key documents (3 new) are required:

1. Significance & Engagement policy (approved for public consultation on 16th October 2014) to be in place by 1 December 2014.
2. 30 year infrastructure plan for 3 Waters and Rooding. These must be adopted prior to the consultation document adoption.
3. Consultation document – replaces the old draft Long-Term Plan. There is now no statutory standing for a Draft Long-Term Plan as the name suggests this is the main consultation document.
4. Long-Term Plan.
5. Financial Strategy.

The consultation document will require an audit review and sign-off and a special consultative process will be required to be undertaken.

The topics that have been earmarked for review this LTP are:

1. Rating for Tourism, Economic Development and Alps 2 Ocean held on 7th November. Follow up to be arranged.
2. Rates affordability especially with the 30 year infrastructure plan.
3. Funding of District Plan costs both historical deficit balances and funding plan changes going forwards.
4. Funding deficit balance of historical waste activities.
5. Introduction of rating differentials.

The project to date has incurred significant staff input and cost –

	Hours
Bernie Haar	310
Geoff Horler	130
Suzy Ratahi	233
Angie Taylor	4
Nathan Hole	45
Garth Nixon	45
Paul Morris	425
	1192
Total Cost	\$63,903

The major concern is time and workload in addition to the team's normal workload.

To assist with this, we have engaged PriceWaterhouseCoopers of Christchurch to assist in preparing Councils month end reports etc. The cost of this is \$5,000 per month and is likely to continue until June 2015.

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: AORAKI FOUNDATION

MEETING DATE: 25 NOVEMBER 2014

REF:

FROM: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

To seek grant funding to assist with administrative costs of Aoraki Foundation.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the Committee approve a grant of \$1,000 each year for three years (2014/15 – 2016/17) to assist with the administration of the Aoraki Foundation.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Email request from Lesley Roy (Trustee of Aoraki Foundation).

BACKGROUND:

The Aoraki Foundation describes itself as follows;

It is a registered charitable trust and was established to promote philanthropy in the Aoraki Region. It is one of 14 “Community Foundations” in New Zealand with the fundamental principle underpinning its operation being a ‘donor-based’ approach.

Established mid 2009 the Aoraki Foundation is a Community Foundation that allows people to gift funds that will assist in benefiting the Aoraki Region For Good, For Ever.

The Aoraki Foundation's primary goal is to provide a simple, effective and long-lasting way for individuals and families to leave legacies to local causes, and to ensure these gifts will achieve maximum benefit into the future.

The Aoraki Foundation has facilitated a number of community projects including the recent MRI scanner fundraising campaign and the Caroline Bay Aquatic Supporters Club. It has also assisted in a number of other community projects including the Hockey Turf Development, Levels Raceway Resealing Programme, Te Ana (Maori Rock Art Centre), Waimate Skate Park, Fairlie Community Trust Vehicle, Tekapo Footbridge Society and The High Country Medical Trust, Twizel.

The Foundation has been established with a provision to use up to 1.5% of investment returns to cover administrative expenses.

At this stage the Foundation's endowment funds are not sufficient to enable this provision to meet their administrative costs.

The funds sought would contribute to the Foundation's costs for a period of three years during which time the endowment levels will be built towards a level at which it will be able to sustain its operational costs from the investment allowance.

The Aoraki Foundation receives additional funding from the Tindall Foundation on a 1:1 basis of donations.

SIGNIFICANCE OF DECISION:

This decision is not significant in terms of Council's Policy on Significance.

ISSUES & OPTIONS:

The District General account holds budget of approximately \$10,000 of unallocated grants within the District General account, of which \$2000 has been spent this year financial year.

CONCLUSION:

The Aoraki Foundation supports many projects across the district and the demand on this will continue to grow. Lesley Roy is Mackenzie District's nominated representative on the Foundation and it is unreasonable to expect that personal

funds are used support their administration. It is appropriate that Council supports this request by making an annual grant of \$1000.00 per year for the next three years.

From: royfamily@ezykonect.co.nz [<mailto:royfamily@ezykonect.co.nz>]

Sent: Monday, 27 October 2014 2:35 p.m.

To: Mackenzie District Mayor

Subject: Aoraki Foundation

Hi Claire

Hard to believe I have now been serving the Mackenzie on the Foundation for six months! I am really enjoying the role, finding it stimulating and rewarding.

The Board have recently completed a very comprehensive governance manual designed to provide a really strong framework of governance of the current trustees and those in the future.

We have also now employed fund managers (Craig's) to invest the monies held by the Foundation.

Our focus now is to build on the \$1.5 million invested by actively seeking endowments and bequests, and reach a point where we can start to distribute some serious money into the South Canterbury community.

The Trustees continue to contribute their own money to the Foundation to help with the administration of the Foundation, however as previously discussed, assistance in the form of donations from Council or mayoral funds would be greatly received. I recall you mentioned that this was on the Finance Committee agenda for last meeting and I wondered if you had had any success? Graham Smith called me prior to my appointment as was adamant that persons serving the Mackenzie in this voluntary capacity should not be using their personal money to support this and that I should approach the Council. Therefore I am hopeful that the outcome is positive (I have, however, already made a personal donation of \$500, and plan to donate \$500 more in the first part of 2015).

I have also been asked by the Foundation Chair Nigel Davenport if you could spare us some time for a coffee and a chat at some time in the near future.

Our next meeting is 20 November; I look forward to hearing from you.

Regards

Lesley

Malcolm and Lesley Roy

Riverview

RD 14

Cave 7984

Tel 64 3 685 5719

Fax 64 3 685 5710

Mob 64 27 651 2754 (Malcolm)

Mob 64 27 220 5952 (Lesley)