



**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 4 February, 2014, at 9.30am.*

VENUE: Council Chambers, Fairlie.

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday 4 February 2014, at 9.30am

Jason Gaskill, the general manager of Tourism Waitaki, will arrive at 9.30am to speak to his Public Excluded financial report.

APOLOGIES

DECLARATIONS OF INTEREST

MINUTES:

Confirm and adopt as the correct record the minutes of the Finance Meeting held on Tuesday September 3, 2013, including such parts as were taken with the public excluded.

COMMITTEE MINUTES:

Receive the minutes of the meeting of the Tekapo Property Group held on January 21, 2014, including such parts as were taken with the public excluded.

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 Tuesday September 3, 2013, taken in public excluded session.
2. Public excluded minutes of the Tekapo Property Group meeting held on January 21, 2014, taken in public excluded session.
3. Alps2Ocean monthly financial report. Jason Gaskill, the general manager of Tourism Waitaki, will arrive at 9.30am to speak to his report.
4. Resource Consent and Construction Tender.

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, September 3, 2013	Commercial sensitivity	48(1)(a)(i)
Previous minutes of the Tekapo Property Group, January 21, 2014	Commercial sensitivity	48(1)(a)(i)
Alps2Ocean monthly financial report	Disadvantage commercial negotiations and commercial sensitivity	48(1)(a)(i)
Resource Consent and Construction Tender	Commercial sensitivity	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 and Resource consent and Construction Tender under section 7(2)(b)(ii). Alps2Ocean monthly financial report under section 7(2)(i) and section 7(2)(b)(ii).*

RESOLUTION TO RESUME OPEN MEETING

REPORTS:

1. Financial Report December, 2013.
2. Bancorp Quarterly Report – December, 2013.
3. Report from public workshops on the Tekapo Lakefront Development held on January 15 and January 25 (verbal).

GENERAL BUSINESS:

1. Appointment of two new members to the Tekapo Property Group (discussion).

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 3 SEPTEMBER 2013 AT 11:46AM

PRESENT:

Cr Graham Smith (Chairman)
Claire Barlow (Mayor)
Crs Annette Money
Graeme Page
Evan Williams
John Bishop
Peter Maxwell

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
Paul Morris (Manager – Finance and Administration)
Keri-Ann Little (Committee Clerk)

I APOLOGY:

There were no apologies.

II MINUTES:

Resolved that the Minutes of the meeting of the Finance Committee held on 30 July 2013, including such parts as were taken with the Public Excluded, be confirmed and adopted as the correct record of the meeting.

Graeme Page/Annette Money

Matters arising from the Minutes:

Update Section Sale; Armstrongs

Cr Money asked a question in relation to the progress on the Market Place sale to Armstrong's. The CEO reported he is awaiting a letter from the Armstrong's and that the letter will confirm the Armstrong's accept responsibility for provision of power from the transformer site to the site of the section. Council will then be able to issue a section 224 notice and have titles issued, this will allow the sale to be completed.

Old Library Café:

The CEO said an Architect is providing specifications for the additional finishing work and working with a local builder to get a firm price. The CEO is expecting that information to be available at the next Council meeting. Cost estimates for repair of the roof and earthquake strengthening will enable Council to determine the economics of repairing the building.

Sale and Purchase Agreement:

The Sale and Purchase agreement for 41 Jollie Road, Twizel of the Twizel section to the Camps is completed and payment has been received.

III **REPORTS:**

1. **FINANCIAL REPORT JUNE 2013:**

This report from the Manager – Finance and Administration, Mr Morris, was accompanied by the financial report for the period to 30 June 2013.

Mr Morris spoke to any significant variances.

Resolved that the report be received.

Annette Money/ Evan Williams

Plant account figures were distributed to members and discussed. Mr Morris said he will have these figures available on a quarterly basis for members.

Cr Smith said the roading budget has worked out very well with an excellent result.

The Mayor congratulated the Roothing Manager.

Mr Morris was thanked for his hard work this year and Cr Smith added he has been a pleasure to work with.

IV **ADJOURNMENT:**

The meeting was adjourned at 12:49pm and reconvened at 1:20pm.

V **PUBLIC EXCLUDED**

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

1. Economic Development Contract Update

<u>General subject of each matter to be considered</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Ground(s) under Section 48(1) for the passing of this resolution</u>
Economic Development Contract Update	Commercial Sensitivity	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: *Economic Development Contract Update* Section 7(2)(b)(ii).

Annette Money/ Peter Maxwell

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 1:30PM

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE TEKAPO PROPERTY GROUP HELD IN THE LAKE TEKAPO COMMUNITY HALL, TEKAPO, ON TUESDAY 21 JANUARY, 2014, AT 1:00PM

PRESENT:

Claire Barlow (Mayor)
Russell Armstrong
Murray Cox
Graham Smith
Wayne Barnett (Chief Executive)
Paul Morris (Finance and Administration Manager)

IN ATTENDANCE:

Garth Nixon (Community Facilities Manager)
Stephen Gubb (Hughes Developments, via teleconference)
Arlene Goss (Committee Clerk)

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

ELECTION OF CHAIRPERSON:

The Mayor called for nominations for the position of chairperson.

Motion:

That Murray Cox is nominated as chairman of the Tekapo Property Group.

Claire Barlow/Graham Smith

There were no further nominations. The motion was put and carried. The Mayor declared Murray Cox to be the chairman of the Tekapo Property Group.

ELECTION OF DEPUTY CHAIRPERSON:

The chairman called for nominations for the position of deputy chairman.

Motion:

That Mayor Claire Barlow is nominated as deputy chairwoman of the Tekapo Property Group.

Murray Cox/Russell Armstrong

There were no further nominations. The motion was put and carried and the chairman declared Mayor Claire Barlow to be the deputy chairwoman of the Tekapo Property Group.

Stephen Gubb from Hughes Developments joined the meeting at 1.05pm by teleconference. Those present introduced themselves.

REPORT FROM PUBLIC WORKSHOP:

Cr Cox and the chief executive updated the meeting on the public workshop held in Tekapo on January 15. About 80 people attended and a second workshop is planned for Saturday, January 25.

The workshop objective was to provide some information to the community on how the Tekapo Lakefront Development was going, seek feedback on the landscaping and raise the idea of council developing and owning a building.

Feedback from the floor included questions around the process, accusations the development was happening behind closed doors, and specific questions on the advertising of the land. The meeting also questioned whether it was appropriate to have the YHA located on the site.

People at the meeting considered how the new development might be tied into the older parts of the township. Some people were concerned about how the linkage would flow and some were not happy with the Nott Concept plans.

Overall there was strong support for the development and people wanted to see it happen as soon as possible.

After the second public workshop the Chairman will be involved in writing up the questions that have been asked and putting some answers to them. This document will go on the website and will be sent out widely.

Parties interested in being involved in the development are recorded on an interested party register administered by Hughes Developments. Earth and Sky and Foodstuffs were identified as crucial to the success of the development. In the case of YHA, there was a need to move them into the new development so the land they are currently on would be unencumbered.

Cr Smith asked about the type of building the YHA was planning. Mr Gubb said the YHA has improved the quality of the accommodation they offer and has some concept plans. Cr Cox asked for a copy of these plans and Mr Gubb agreed to send them to Cr Cox.

The meeting agreed it would be better to have a common theme in the design of the various buildings within the development.

Mayor Barlow read from an email from Mr Tim Rayward that was sent to her as a result of the public workshop. One of the questions that came up in Mr Rayward's email and at the public workshop was why the current business owners weren't given first option. The group heard this decision was made because the council believed it was important to confirm the key businesses in the development first, such as Foodstuffs and Earth and Sky, before going out to the wider business community to offer the rest of the land.

The chief executive suggested business owners be sent a summary of the public workshops and told "if anyone is interested in purchasing property to contact us". He asked for indication from council on a framework around what property is available to be offered to businesses. The group discussed waiting to see the level of interest that is registered first,

as this will influence the council's decision on whether it wants to be a land seller or land owner.

The chief executive said the next question is around the Nott Concepts. He would like to put an agenda item to the Strategy and Policy committee and get direction on where council wants to go with this issue. The Nott Concepts are owned by the council.

There are also issues of risk, perception, and entering into a market where the council is potentially competing with other ratepayers. And questions around the cost of development, availability of tenants and risks associated with those things. The council will also need to think about the look and feel of the buildings and to what degree decision making around the buildings is maintained private to council as an investor, and how much is put out for public decision.

Cr Smith asked about financial feasibility. Mr Gubb said it was difficult to provide feasibility on such a broad concept. The income side was starting to form a picture but he did not have much guidance yet on what it might cost to build. Cr Smith believed the public would have an appetite if the figures were promising.

Mr Gubb offered to move forward on a high level financial feasibility study using the Nott Concept designs. He also suggested asking Mr Nott to present his concept directly to people in the community.

Cr Armstrong asked if there is a concept plan for the Foodstuffs building. Mr Gubb said not yet. He is happy to talk to Foodstuffs about providing a concept. Agreed he would do this.

Mr Gubb was asked to report back on what was required for a high level financial feasibility study.

The chief executive agreed to write up agenda item for the next Strategy and Policy Committee meeting setting out some of the wider concept issues to get some discussion going.

PUBLIC EXCLUDED:

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

1. Horizons NZ Ltd (discussion only).
2. Resource Consent and Construction Contract Tender.

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
Discussion on Horizons NZ Ltd	Commercial sensitivity	48(1)(a)(i)
Resource Consent and Construction Contract Tender	Commercial sensitivity	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: *Discussion on Horizons NZ Ltd and Resource Consent and Construction Contract Tender, under section 7(2)(b)(ii).*

Claire Barlow/Paul Morris

The Tekapo Property Group continued in open meeting.

CONFIRMATION OF RESOLUTIONS TAKEN WITH THE PUBLIC EXCLUDED:

Resolved that the following resolutions taken with the public excluded be confirmed in open meeting:

1. That the Tekapo Property Group instructs staff to confirm that there is no encumbrance on the viewing shaft through Lot 11.
2. That the Tekapo Property Group supports staff calling for proposals from suitable parties to provide a landscape design for the Village Green, the Domain and viewing corridors at Tekapo.
3. That the Tekapo Property Group supports staff to commission a parking study for the Tekapo township area and the community centre area.

Claire Barlow/Russell Armstrong

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2.42PM**

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FINANCIAL REPORT – DECEMBER 2013
MEETING DATE: 4 FEBRUARY 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 31 December 2013.

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 DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Governance						
Income						
General Rates	172,674	158,922	158,922	(0) X		317,844
Targeted Rates	14,640	15,099	15,096	3 ✓		30,192
Other Income	7,227	11,630	37,500	(25,870) X	1	45,000
Other Gains and Losses	-	-	-	- ✓		-
Total Income	194,541	185,651	211,518	(25,867)		393,036
Expenses						
Employment Expenses	26,943	22,741	22,476	(265) X		44,952
Members Expenses	186,751	177,478	139,104	(38,374) X	2	278,208
Consultancy Expenses	15,456	2,360	-	(2,360) X	3	-
Administration Expenses	17,273	13,797	22,446	8,649 ✓	4	44,892
Operational and Maintenance	11	-	-	- ✓		-
Internal Interest Expense	-	-	-	- ✓		-
Depreciation	-	-	-	- ✓		-
Internal Charges	1,073	975	4,998	4,023 ✓		9,996
Loss On Sale and Assets Written Off	-	-	-	- ✓		-
Total Expenses	247,507	217,352	189,024	(28,328)		378,048
Operating Surplus/(Deficit)	(52,967)	(31,701)	22,494			14,988

Variance Analysis

1. Revenue associated with charging for elections has still to come through from SCDHB. This has caused the unfavourable variance. It is expected that this variance will correct in the next two months
2. Election costs total \$45,221 to date. The rates to fund this has been spread over the past three years with a total of \$40,000 being allocated. This does not include the additional costs of the two by-elections which is likely to cost an additional \$5,000
3. Unbudgeted legal costs for review of committee structure by Simpson Grierson
4. Lower than anticipated subscriptions year to date has contributed to this favourable variance. This is a budget timing issue and will correct by year end.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	42,972	-	-			-
Operating Surplus/(Deficit)	(52,967)	(31,701)	22,494			14,988
Transfers between Reserves	-	-	-			-
Add back Non Cash Items	-	-	-			-
Transfer Funded Depreciation to Capital Reserve	-	-	-			-
Transfers Revaluation Gains to Reserves	-	-	-			-
Total Operating Reserves	(9,995)	(31,701)	22,494	-		14,988
Capital Reserves						
Opening Balance	(5,131)	(4,839)	-			-
Transfer Funded Depreciation from Operating Reserves	-	-	-			-
Total Capital Reserves	(5,131)	(4,839)	-	-		-

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Corporate Services						
Income						
General Rates	789,114	936,583	936,582	1 ✓		1,799,196
Other Income	46,689	57,134	52,758	4,376 ✓	1	105,516
Internal Income	38,200	41,299	63,852	(22,553) ✗	2	127,704
Internal Interest Income	340	(226)	(138)	(88) ✗		(276)
Gain on Sale - Assets	(0)	-	-	- ✓		-
Revaluation Reserves	-	-	-	- ✓		-
Total Income	874,343	1,034,790	1,053,054	(18,264)		2,032,140
Expenses						
Employment Expenses	581,989	542,699	583,320	40,621 ✓	3	1,166,640
Consultancy Expenses	66,348	62,750	85,272	22,522 ✓	4	155,544
Administration Expenses	137,906	105,807	101,760	(4,047) ✗		316,524
Operational and Maintenance	226,851	113,238	142,086	28,848 ✓	5	284,172
Internal Interest Expense	548	2,401	9,606	7,205 ✓	6	19,212
Depreciation	72,189	54,045	54,054	9 ✓		108,108
Internal Charges	17,233	18,650	34,116	15,466 ✓	7	68,232
Loss On Sale and Assets Written Off	(3,556)	-	-	- ✓		-
Total Expenses	1,099,508	899,590	1,010,214	110,624		2,118,432
Operating Surplus/(Deficit)	(225,166)	135,200	42,840			(86,292)

Variance Analysis

1. Higher than anticipated fees from engineering (Asset management) has resulted in this favourable variance
2. Internal income charges (milage) is lower than budget. This is due to the timing of the budget and will correct in the next month.
3. Budget Phasing for Employment expenses has created this favourable variances. This will correct in the January period as 3 pays will be recorded for the month.
4. Consultancy expenditure is down on budget due to the programmed Tax review budgeted for December now being scheduled for March 2014 due to Taxteam resourcing
5. Lower than anticipated lease rental costs on IT equipment (\$11,662) along with lower than anticipated running costs for motor vehicles (\$13,561) have contributed to this favourable variance.
6. Better than anticipated capital reserve balances has resulted in lower than anticipated interest charges year to date.
7. Internal charges (milage) is lower than budget. This is due to the timing of the budget and will correct in the next month.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	96,704	(1,083)	-			-
Operating Surplus/(Deficit)	(225,166)	135,200	42,840			(86,292)
Transfer - Capital Expenditure	(29,854)	(77,167)	(108,786)			(181,572)
Transfers between Reserves	-	-	(5,250)			(10,500)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	29,854	77,167	108,786			181,572
Add back Non Cash Items	72,189	54,045	54,054			108,108
Transfer Funded Depreciation to Capital Reserve	(33,276)	(50,366)	(50,370)			(100,740)
Transfers Building Maint Fund	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Appln Change in Reval Res to Accum Funds	-	-	-			-
Total Operating Reserves	(89,548)	137,796	41,274	-		(89,424)
Capital Reserves						
Opening Balance	20,394	(64,231)	(296,275)			(296,275)
Transfers between Reserves	-	-	1,104			2,208
Transfer Capital Expenditure from Operating Reserve	(29,854)	(77,167)	(108,786)			(181,572)
Transfer Funded Depreciation from Operating Reserves	33,276	50,366	50,370			100,740
Transfer from Capital Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating Reserve	-	-	1,626			3,252
Transfer from Operating reserves	-	-	-			-
Transfer - to/from Capital Reserve	-	-	-			-
Transfer to Capital Reserve	-	-	-			-
Transfer -to/from Capital Rsve	-	-	-			-
Total Capital Reserves	23,816	(91,032)	(351,961)	-		(371,647)
Capex						
Capital Expenditure	29,854	77,167	108,786			181,572
Total Capex	29,854	77,167	108,786	-		181,572

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT - CAPITAL
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Corporate Services						
Capex						
Capital Expenditure						
0018001. Computers	2,776	-	-	-		-
0018925. Plant & Equipment	1,180	1,800	1,500	(300) X		3,000
Administration	3,956	1,800	1,500			3,000
0088916. Building Renovations	-	12,564	10,290	(2,274) X		20,580
0088935. Furniture & Fittings - Admin	-	-	12,498	12,498 ✓		24,996
Fairlie Council Building	-	12,564	22,788			45,576
0098916. Building Renovations	-	5,171	-	(5,171) X		-
Twizel Council Building	-	5,171	-			-
0788002. PC Server	8,398	50,093	36,000	(14,093) X		36,000
0788010. Network Infrastructure	-	-	1,500	1,500 ✓		3,000
0788011. Communications Equipment	-	6,157	18,498	12,341 ✓		36,996
0788012. Software	17,500	-	9,000	9,000 ✓		18,000
0788014. Web site development	-	155	1,998	1,843 ✓		3,996
0788925. Plant & Equipment	-	1,227	1,500	273 ✓		3,000
Information Technology	25,898	57,632	68,496			100,992
2658930. Vehicles	-	-	16,002	16,002 ✓		32,004
Information Technology	-	-	16,002			32,004
Total Corporate Services	29,854	77,167	108,786			181,572

Variance Analysis

Overall capex spend on IT is \$10,864 below budget. We expect the overall budget to be met by year end.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Water						
Income						
Targeted Rates	193,790	420,141	419,964	177 ✓		839,928
Investment Income	-	-	-	- ✓		-
Other Income	(1,086)	(3,628)	552	(4,180) ✗	1	66,104
Financial Contributions	36,423	6,390	-	6,390 ✓	2	-
Internal Income	1,500	1,500	1,500	- ✓		3,000
Internal Interest Income	22,174	23,768	19,014	4,754 ✓	3	38,028
Gain on Sale - Assets	-	-	-	- ✓		-
Vested Assets	-	-	59,112	(59,112) ✗		118,224
Total Income	252,801	448,172	500,142	(51,970)		1,065,284
Expenses						
Employment Expenses	3,104	-	-	- ✓		-
Consultancy Expenses	300	2,637	4,754	2,117 ✓		30,397
Administration Expenses	4,400	2,602	5,166	2,564 ✓		10,979
Operational and Maintenance	112,222	189,412	196,452	7,040 ✓	4	432,804
Internal interest Expense	27,469	31,351	37,596	6,245 ✓	5	75,192
Asset Impairment	-	-	-	- ✓		-
Depreciation	183,330	191,615	191,622	7 ✓		383,244
Internal Charges	1,500	1,500	1,500	- ✓		3,000
Total Expenses	332,325	419,118	437,090	17,972		935,616
Operating Surplus/(Deficit)	(79,524)	29,054	63,052			129,668

Variance Analysis

1. Reversal of over accrual of water charges in the June 2013 financial year has resulted in this unfavourable variance
2. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
3. Better than anticipated capital reserve balances has resulted in higher than anticipated interest income year to date.
4. Contractor costs for Fairlie are \$15,753 above budget due to higher than anticipated breakages in November and December. This has been offset by lower than anticipated costs in Twizel electricity costs (\$8,143) and contractor costs (\$11,455)
5. Better than anticipated capital reserve balances has resulted in lower than anticipated interest charges year to date.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	92,438	38,556	(19,866)			(39,732)
Operating Surplus/(Deficit)	(79,524)	29,054	63,052			129,668
Transfer - Capital Expenditure	(195,925)	(214,190)	(1,065,780)			(2,387,655)
Transfers between Reserves	-	-	-			(42,720)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	195,925	214,190	1,065,780			2,387,655
Add back Non Cash Items	183,330	191,615	191,622			383,244
Transfer Funded Depreciation to Capital Reserve	(169,954)	(176,040)	(176,046)			(352,092)
Transfer Vested Assets to Capital	-	-	-			(118,224)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	(36,423)	(6,390)	-			-
Transfer Financial Contributions to Capital	-	-	-			-
Total Operating Reserves	(10,133)	76,795	58,762	-		(39,856)
Capital Reserves						
Opening Balance	650,533	788,802	307,334			306,872
Transfer Capital Expenditure from Operating Reserve	(195,925)	(214,190)	(1,065,780)			(2,387,655)
Transfer - Vested Assets	-	-	-			118,224
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	36,423	6,390	-			-
Transfer - Op Surplus from Op Reserve	-	-	2,364			4,728
Transfer Funded Depreciation from Operating Reserves	169,954	176,040	176,046			352,092
Transfer - from Operating Reserve	-	-	-			42,096
Transfer - to/from Op Rsvs	-	-	-			(996)
Transfer from Operating reserves	-	-	-			(3,108)
Total Capital Reserves	660,984	757,041	(580,036)	-		(1,567,747)
Capex						
Capital Expenditure	195,925	214,190	1,065,780			2,387,655
Total Capex	195,925	214,190	1,065,780	-		2,387,655

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT - CAPITAL
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Water						
Capex						
Capital Expenditure						
0118201. Town Reticulation - Renewal	121,237	99,751	15,000	(84,751) ✗	1	135,000
0118206. Service Connections - Renewal	-	480	-	(480) ✗		32,000
0118211. Treatment - New	1,667	21,043	30,000	8,958 ✓		70,000
0118215. Plant	1,900	-	-	- ✓		5,195
0118982. Water Meters	-	-	1,038	1,038 ✓		2,076
Fairlie	124,804	121,273	46,038			244,271
0128211. Treatment - New	11,086	18,709	-	(18,709) ✗	2	-
0128212. Service Connections - Renew	-	-	522	522 ✓		1,044
0128215. Plant	1,900	-	-	- ✓		-
0128981. Water Meters	-	-	1,038	1,038 ✓		2,076
Tekapo	12,986	18,709	1,560			3,120
0138193. Vested Assets	-	-	24,888	24,888 ✓		49,776
0138201. Town Reticulation - Renewal	-	-	5,196	5,196 ✓		10,392
0138204. Headworks - Renewal	13,907	-	465,000	465,000 ✓	3	930,000
0138206. Service Connections - Renewal	22,481	34,647	19,998	(14,649) ✗		39,996
0138210. HeadWorks - New	3,205	-	-	- ✓		-
0138211. Treatment - New	-	33,199	467,550	434,351 ✓	3	935,100
0138215. Plant	12,574	-	-	- ✓		-
0138251. Fire Hydrant Markers	-	-	5,196	5,196 ✓		10,392
0138807. Resource Consent Costs	1,360	-	20,778	20,778 ✓		41,556
0138984. Water Meters	3,213	-	1,038	1,038 ✓		2,076
Twizel	56,740	67,846	1,009,644			2,019,288
0158202. Reticulation Extension	(450)	-	-	- ✓		-
0158211. Treatment	1,422	-	1,038	1,038 ✓		2,076
Allandale	972	-	1,038			2,076
0168256. Headworks	423	-	-	- ✓		-
Ashwick/Opuha	423	-	-			-
0178211. Treatment Upgrade	-	6,362	2,502	(3,860) ✗		5,004
Burkes Pass	-	6,362	2,502			5,004

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT - CAPITAL
 FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
0228807. Resource Consents Eversley/Puneroa	-	-	4,998	4,998 ✓		9,996
	-	-	4,998			9,996
0238210. Headworks Manuka Terrace	-	-	-	- ✓		103,900
	-	-	-			103,900
Total Water	195,925	214,190	1,065,780			2,387,655

Variance Analysis

1. The unfavourable variance is due to the timing of the budget spend compared to the actual spend. This will correct over the remainder of the year.
2. Costs associated with Treatment upgrade have been incurred earlier in the year. The budget was in the 2013 financial year and amounted to \$185,000. The spend in 2013 was \$158,000. coupled with this years spend of \$18,709 the total projectr has cost \$176,709 which is below the total budget.
3. Budget associated with the Twizel water supply upgrade. It is not expected that the full budget will be spent this year.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Sewer						
Income						
Targeted Rates	33,839	211,755	211,752	3		423,504
Other Income	629	1,927	-	1,927		-
Financial Contributions	12,029	9,787	-	9,787	1	-
Upgrade Contributions	36,438	-	-	-		-
Internal Interest Income	11,758	13,761	19,452	(5,691)	2	38,904
Vested Assets	-	-	91,536	(91,536)		183,072
Total Income	94,693	237,229	322,740	(85,511)		645,480
Expenses						
Consultancy Expenses	-	2,128	504	(1,624)		11,351
Administration Expenses	3,728	683	4,632	3,949		9,264
Operational and Maintenance	39,398	61,429	76,802	15,373	3	155,703
Internal Interest Expense	9,502	2,927	11,694	8,767	4	23,388
Depreciation	122,364	126,518	126,516	(2)		253,032
Internal Charges	-	-	-	-		-
Total Expenses	174,992	193,685	220,148	26,463		452,738
Operating Surplus/(Deficit)	(80,299)	43,544	102,592			192,742

Variance Analysis

1. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
2. Lower than anticipated capital reserve balances has resulted in Lower than anticipated interest income year to date.
3. Lower than anticipated contractor costs in Tekapo (\$4,522) due to lower repair requirementst and Electricity costs (\$4,451) has contributed to this favourable variance.
4. Better than anticipated capital reserve balances has resulted in lower than anticipated interest charges year to date.

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	5,880	(52,942)	-			-
Operating Surplus/(Deficit)	(80,299)	43,544	102,592			192,742
Transfer - Capital Expenditure	(24,477)	(15,662)	(25,002)			(128,792)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	24,477	15,662	25,002			128,792
Add back Non Cash Items	122,364	126,518	126,516			253,032
Transfer Funded Depreciation to Capital Reserve	(122,364)	(126,518)	(126,516)			(253,032)
Transfer Vested Assets to Capital	-	-	-			(183,072)
Transfer to Loan Account	-	-	-			(9,696)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	(12,029)	(9,787)	-			-
Transfer Upgrade Contributions to Capital	(36,438)	-	-			-
Total Operating Reserves	(122,886)	(19,185)	102,592	-		(26)
Capital Reserves						
Opening Balance	415,166	977,571	583,440			583,440
Transfer Capital Expenditure from Operating Reserve	(24,477)	(15,662)	(25,002)			(128,792)
Transfer - Vested Assets	-	-	-			183,072
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	12,029	9,787	-			-
Transfer Funded Depreciation from Operating Reserves	122,364	126,518	126,516			253,032
Transfer - from Operating Reserve	-	-	-			-
Transfer - Upgrade Contributions	36,438	-	-			-
Total Capital Reserves	561,519	1,098,214	684,954	-		890,752
Capex						
Capital Expenditure	24,477	15,662	25,002			128,792
Total Capex	24,477	15,662	25,002	-		128,792

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT - CAPITAL
 FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Sewer						
Capex						
Capital Expenditure						
0278410. New Reticulation - Eversley	-	-	-	-	✓	1,700
Fairlie	-	-	-	-		1,700
0298193. Vested Assets	-	-	-	-	✓	77,088
0298411. Sewer Treatment - New	24,477	15,662	25,002	9,340	✓	50,004
Twizel	24,477	15,662	25,002			127,092
Total Sewer	24,477	15,662	25,002			128,792

Variance Analysis

No Significant variances from budget

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Stormwater						
Income						
Targeted Rates	40,176	36,247	36,246	1 ✓		72,492
Financial Contributions	-	3,860	-	3,860 ✓	1	-
Internal Interest Income	4,250	4,065	8,190	(4,125) ✗	2	16,380
Vested Assets	-	-	-	- ✓		-
Total Income	44,426	44,171	44,436	(265)		88,872
Expenses						
Consultancy Expenses	-	1,278	3,168	1,890 ✓		6,336
Administration Expenses	325	307	1,566	1,259 ✓		3,132
Operational and Maintenance	7,448	4,042	9,756	5,714 ✓		19,512
Internal Interest Expense	516	-	-	- ✓		-
Depreciation	29,064	30,196	29,958	(238) ✗		59,916
Internal Charges	-	-	-	- ✓		-
Loss On Sale and Assets Written Off	-	-	-	- ✓		-
Total Expenses	37,353	35,822	44,448	8,626		88,896
Operating Surplus/(Deficit)	7,073	8,349	(12)			(24)

Variance Analysis

1. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
2. Lower than anticipated capital reserve balances has resulted in Lower than anticipated interest income year to date.

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	-	-	-	-		-
Operating Surplus/(Deficit)	7,073	8,349	(12)			(24)
Transfer - Capital Expenditure	-	-	-			-
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	29,064	30,196	29,958			59,916
Transfer Funded Depreciation to Capital Reserve	(29,064)	(30,196)	(29,958)			(59,916)
Transfer Vested Assets to Capital	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Total Operating Reserves	7,073	8,349	(12)	-		(24)
Capital Reserves						
Opening Balance	328,573	338,349	346,824			346,824
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer - Vested Assets	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	29,064	30,196	29,958			59,916
Transfer - from Tkp W&S Operat Rsv	-	-	-			-
Transfer - from Twp W&S Operat Rsv	-	-	-			-
Transfer - from File W&S Operat Rsv	-	-	-			-
Total Capital Reserves	357,637	368,545	376,782	-		406,740
Capex						
Capital Expenditure	-	-	-			-
Total Capex	-	-	-	-		-

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Roading						
Income						
General Rates	339,102	649,308	649,308	(0)		1,298,616
Targeted Rates	5,640	5,424	5,424	(0)		10,848
Subsidies and Grants	908,856	605,415	770,352	(164,937)	1	1,540,704
Other Income	8,727	-	14,502	(14,502)		29,004
Upgrade Contributions	-	-	-	-		-
Internal Income	-	-	-	-		99,492
Internal Interest Income	836	5,749	4,842	907		9,684
Vested Assets	-	-	-	-		114,516
Total Income	1,263,160	1,265,895	1,444,428	(178,533)		3,102,864
Expenses						
Internal income	-	-	-	-		-
Employment Expenses	60,616	9,653	44,358	34,705	2	88,716
Consultancy Expenses	1,262	26,076	17,150	(8,926)	3	94,500
Administration Expenses	2,415	807	2,664	1,857		5,328
Internal interest Expense	133	556	-	(556)		-
Roading	1,098,462	704,789	571,326	(133,463)		1,142,652
Depreciation	794,562	820,764	820,764	-		1,641,528
Internal Charges	5,669	5,232	594	(4,638)		100,680
Loss On Sale and Assets Written Off	(0)	-	-	-		-
Total Expenses	1,963,118	1,567,876	1,456,856	(111,020)		3,073,404
Operating Surplus/(Deficit)	(699,958)	(301,981)	(12,428)			29,460

Variance Analysis

1. Lower than anticipated Capital spend on Subsidised projects YTD has resulted in lower than anticipated NZTA claim income. This is expected to correct over the balance of the year.
2. Employment expenses are lower than budgeted due to an error in coding of the asset assistant salaries. These costs have been charged to Asset management when 75% should have been charged to Roading. This will be corrected in January
3. Timing of RAMM expenditure does not coincide with the budget phasing. Spent to date \$11,608 YTD budget \$2,400. Full year budget is \$34,000. This variance is expected to correct by year end.

MACKENZIE DISTRICT COUNCIL
DETAILED ROADING - FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Roading						
Expenses						
Roading						
2526285. Traffic Svcs Mtce	7	-	-	-	✓	-
2536120. St Lighting - Electricity	(197)	-	-	-	✓	-
25361201. St Lighting - Elec - Transit	197	-	-	-	✓	-
25362804. Enviro Mtce - 2011/2012 June Snow Event	18,467	-	-	-	✓	-
2546111. Sealed Pavement Mtce	126,242	90,709	85,002	(5,707)	✗	170,004
2546112. Unsealed Pavement Mtce	152,233	166,327	180,000	13,673	✓	360,000
2546113. Routine Drainage Mtce	26,970	25,203	30,000	4,797	✓	60,000
25461131. Drainage Mtce - St Cleaning	12,193	12,484	12,156	(328)	✗	24,312
2546114. Structures Maintenance Bridges	13,923	15,367	30,000	14,633	✓	60,000
25461141. Structures Maintenance Cattlestops	3,370	2,792	12,000	9,208	✓	24,000
2546121. Environmental Mtce	74,498	74,166	70,872	(3,294)	✗	141,744
2546122. Traffic Services Mtce	17,386	14,983	34,998	20,015	✓	69,996
25461221. Street Lighting - Maintenance	20,300	13,175	22,500	9,325	✓	45,000
25461222. Street Lighting - Electricit	27,368	21,091	35,472	14,381	✓	70,944
2546288. Emergency Reinstatement	588,955	240,897	-	(240,897)	✗	-
2546301. Street Lights - Mtce - Trans	2,163	2,262	8,502	6,240	✓	17,004
2546302. Street Lights-Elect - Transi	3,047	4,930	6,000	1,070	✓	12,000
2546303. Drainage Mtce - St Cleaning Transit	11,341	11,581	11,322	(259)	✗	22,644
2546304. Footpaths	-	8,382	17,502	9,120	✓	35,004
2546306. Alps2ocean	-	441	15,000	14,559	✓	30,000
Total Roading	1,098,462	704,789	571,326	(133,463)		1,142,652

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	8,889	(26,773)	28,344			28,344
Operating Surplus/(Deficit)	(699,958)	(301,981)	(12,428)			29,460
Transfer - Capital Expenditure	(273,671)	(481,264)	(1,634,963)			(2,038,513)
Transfers between Reserves	-	-	-			(136,176)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	273,671	481,264	1,634,963			2,038,513
Add back Non Cash Items	794,562	820,764	820,764			1,641,528
Transfer Funded Depreciation to Capital Reserve	(373,602)	(386,185)	(386,184)			(772,368)
Transfer Vested Assets to Capital	-	-	-			(114,516)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer Upgrade Contributions to Capital	-	-	-			-
Transfer NZTA Capital Subsidy	-	(75,880)	(413,058)			(826,116)
Transfer Capital rate	-	-	-			-
Transfer Contributions Roading Reserve	-	-	-			-
Total Operating Reserves	(270,109)	29,945	37,438			(149,844)
Capital Reserves						
Opening Balance	968,757	1,031,049	(576,954)			(576,954)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure from Operating Reserve	(273,671)	(481,264)	(1,634,963)			(2,038,513)
Transfer - Vested Assets	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	373,602	386,185	386,184			772,368
Transfer - to/from Op Rsve	-	-	-			577,416
Transfer - Funding for Capex from Op Rsve	-	-	-			-
Transfer - Upgrade Contributions	-	-	-			-
Transfer - Rates Transferred from Ope res	-	-	-			-
Transfer - from Subs Rdg Operat Rsve	-	-	-			-
Transfer NZTA Capital Subsidy	-	75,880	413,058			826,116
Transfer Vested Asset from Op reserve	-	-	-			114,516
Transfer - Funds Transfer	-	-	-			-
Transfer - Fund for Capex from Operat Rsv	-	-	-			15,756
Total Capital Reserves	1,068,688	1,011,851	(1,412,675)			(309,295)
Capex						
Capital Expenditure	273,671	481,264	1,634,963			2,038,513

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Total Capex	273,671	481,264	1,634,963	-		2,038,513

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT - CAPITAL
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Roadings						
Capex						
Capital Expenditure						
0868001. Equipment	5,430	-	5,154	5,154	✓	10,308
Roadings Business Unit	5,430	-	5,154			10,308
2508183. Sealed Road Resurfacing	19,071	-	-	-	✓	-
2548193. Vested Assets	-	-	-	-	✓	114,516
2548211. Unsealed Road Metalling	28,950	19,356	300,000	280,644	✓	425,000
2548212. Sealed Road Resurfacing	-	-	520,000	520,000	✓	520,000
2548213. Drainage Renewal	12,169	37,246	21,594	(15,652)	✗	43,188
2548214. Sealed Road Pavement Rehabilitation	-	-	120,929	120,929	✓	120,929
2548215. Structures Component replacements bridges	4,281	-	7,842	7,842	✓	15,684
25482151. Structures Component replacements cattlestops	5,780	3,369	4,998	1,629	✓	9,996
2548222. Traffic Services Renewals	21,197	29,289	37,098	7,809	✓	74,196
2548231. Associated Improvements	-	-	2,502	2,502	✓	5,004
2548300. Footpath Minor Maintenance	19,945	-	-	-	✓	-
2548310. Footpaths - Surfacing	3,850	260	60,000	59,740	✓	60,000
2548341. Minor Improvements	40,000	67,070	200,000	132,930	✓	290,000
2548390. Streetscape Improvements	62,644	-	-	-	✓	-
2548394. Cemetery carpark overflow	4,480	-	-	-	✓	-
2548395. Sealing Past Houses	-	-	10,000	10,000	✓	10,000
2548396. Manuka Terrace	20,608	324,674	350,000	25,326	✓	350,000
26381721. Lake Alexandrina Bridge Sealing Works Unsubsidised Road	25,265	-	-	-	✓	-
Roadings	268,241	481,264	1,634,963			2,038,513
Total Roadings	273,671	481,264	1,640,117			2,048,821

Variance Analysis

The majority of these favourable variances are due to when the budget has been timed to be spent. This will correct by year end.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Planning						
Income						
General Rates	118,644	78,581	78,582	(1) ✗		157,164
Other Income	35,663	49,883	47,340	2,543 ✓		94,680
Reserve Contributions	88,609	8,696	19,998	(11,302) ✗	1	39,996
Internal Income	-	-	-	- ✓		-
Internal Interest Income	4	6	12	(6) ✗		24
Total Income	242,920	137,165	145,932	(8,767)		291,864
Expenses						
Employment Expenses	91,636	120,895	150,456	29,561 ✓	2	300,912
Consultancy Expenses	96,474	99,479	143,058	43,579 ✓	3	286,116
Administration Expenses	3,257	8,559	11,802	3,243 ✓		23,604
Operational and Maintenance	100	1,373	4,308	2,935 ✓		8,616
Internal Interest Expense	-	-	-	- ✓		-
Depreciation	72	81	84	3 ✓		168
Internal Charges	2,185	3,508	2,442	(1,066) ✗		4,884
Total Expenses	193,724	233,895	312,150	78,255		624,300
Operating Surplus/(Deficit)	49,196	(96,730)	(166,218)			(332,436)

Variance Analysis

1. Reserve contributions received are lower than budget. These contributions depend on developer activity and are difficult to phase the budget for appropriately.
2. Budget Phasing for Employment expenses has created this favourable variances. This will correct in the January period as 3 pays will be recorded for the month.
3. Lower than anticipated consultancy costs associated with PC13. Decisions have been released and it is expected that this cost will ramp up now to the end of the year.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(842,037)	(942,738)	(943,744)			(943,744)
Operating Surplus/(Deficit)	49,196	(96,730)	(166,218)			(332,436)
Transfer - Capital Expenditure	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	72	81	84			168
Transfer Funded Depreciation to Capital Reserve	(72)	(81)	(84)			(168)
Transfer to Capital Reserves	-	-	-			-
Transfer to/from Land Subdivision Reserve	(88,609)	(8,696)	(19,998)			(39,996)
Total Operating Reserves	(881,449)	(1,048,163)	(1,129,960)	-		(1,316,176)
Capital Reserves						
Opening Balance	316	473	474			474
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	72	81	84			168
Transfer From Operating Reserves	-	-	-			-
Total Capital Reserves	388	554	558	-		642
Capex						
Capital Expenditure	-	-	-			-
Total Capex	-	-	-	-		-

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Regulatory						
Income						
General Rates	36,018	47,085	47,088	(3)		94,176
Targeted Rates	67,752	73,828	73,830	(2)		147,660
Subsidies and Grants	4,000	-	-	-		-
Other Income	185,275	242,278	185,844	56,434	1	324,192
Internal Income	-	-	-	-		-
Internal Interest Income	352	402	120	282		240
Gain on Sale - Assets	-	-	-	-		-
Total Income	293,397	363,593	306,882	56,711		566,268
Expenses						
Employment Expenses	80,543	88,817	109,380	20,563	2	218,760
Consultancy Expenses	18,542	15,070	18,006	2,936		36,012
Administration Expenses	48,127	34,310	43,472	9,162		86,944
Operational and Maintenance	96,690	107,038	117,716	10,678		148,088
Internal Interest Expense	1,795	2,936	2,562	(374)		5,124
Depreciation	18,234	19,304	19,308	4		38,616
Internal Charges	9,768	9,343	16,374	7,031		32,748
Total Expenses	273,699	276,819	326,818	49,999		566,292
Operating Surplus/(Deficit)	19,698	86,774	(19,936)			(24)

Variance Analysis

- Higher than anticipated revenue from building Inspectorate (\$62,991) has contributed to this favourable variance
- Budget Phasing for Employment expenses has created this favourable variances. This will correct in the January period as 3 pays will be recorded for the month.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	-	-	-			-
Operating Surplus/(Deficit)	19,698	86,774	(19,936)			(24)
Transfer - Capital Expenditure	(12,000)	(55,500)	(42,882)			(85,764)
Transfer Capital Expenditure from Operating Reserve	-	-	-			(5,004)
Transfer Capital Expenditure to Capital Reserve	12,000	55,500	42,882			85,764
Add back Non Cash Items	18,234	19,304	19,308			38,616
Transfer Funded Depreciation to Capital Reserve	(18,234)	(19,304)	(19,308)			(38,616)
Transfer Operating Surplus	-	-	-			-
Transfer to Ratepayers Equity	-	-	-			-
Leaky Building Provision	-	-	-			-
Total Operating Reserves	19,698	86,774	(19,936)	-		(5,028)
Capital Reserves						
Opening Balance	(72,579)	(49,280)	(15,453)			(50,349)
Transfer Capital Expenditure from Operating Reserve	(12,000)	(55,500)	(42,882)			(85,764)
Transfer Funded Depreciation from Operating Reserves	18,234	19,304	19,308			38,616
Total Capital Reserves	(66,345)	(85,476)	(39,027)	-		(97,497)
Capex						
Capital Expenditure	12,000	55,500	42,882			85,764
Total Capex	12,000	55,500	42,882	-		85,764

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT - CAPITAL
FOR THE PERIOD ENDED DECEMBER 2013

Regulatory	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Capex						
Capital Expenditure						
0108925. Plant & Equipment	-	-	11,502	11,502 ✓		23,004
Civil Defence	-	-	11,502			23,004
0698925. Plant & Equipment	-	-	2,502	2,502 ✓		5,004
Animal Control	-	-	2,502			5,004
0838925. Plant & Equipment	-	8,000	3,876	(4,124) ✗	1	7,752
0838930. Vehicles	12,000	47,500	25,002	(22,498) ✗	2	50,004
Rural Fire	12,000	55,500	28,878			57,756
Total Regulatory	12,000	55,500	42,882			85,764

Variance Analysis

1. This unfavourable variance is mainly the result of budget phasing. Overall the project is over budget by \$248
2. This unfavourable variance is mainly the result of budget phasing. The total for the project is \$50,004

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Solid Waste						
Income						
General Rates	167,019	299,967	299,970	(3)		599,940
Targeted Rates	3,780	7,555	7,554	1		15,108
Other Income	52,410	59,985	51,554	8,431	1	103,108
Internal Income	-	-	-	-		-
Internal Interest Income	24	-	696	(696)		1,392
Gain on Sale - Assets	152	-	-	-		-
Total Income	223,385	367,508	359,774	7,733		719,548
Expenses						
Employment Expenses	17,295	11,718	9,384	(2,334)		18,768
Consultancy Expenses	686	5,587	9,378	3,791	2	18,756
Administration Expenses	7,489	4,567	3,344	(1,223)		5,852
Operational and Maintenance	310,783	346,921	324,783	(22,138)	3	644,717
Internal Interest Expense	-	8,092	-	(8,092)		-
Depreciation	3,366	10,046	10,044	(2)		20,088
Internal Charges	1,968	2,401	5,286	2,885		10,572
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	341,586	389,332	362,219	(27,113)		718,753
Operating Surplus/(Deficit)	(118,201)	(21,825)	(2,445)			795

Variance Analysis

1. User Fees are higher than budget by \$10,579 which has contributed to this favourable variance
2. Lower than anticipated spent to date on Education program (\$3,678) has contributed to this favourable variance
3. Waste Contract with ESL is higher than anticipated by \$42,394. This has contributed to the unfavourable variance

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(388,647)	(393,312)	(165,528)			(331,056)
Operating Surplus/(Deficit)	(118,201)	(21,825)	(2,445)			795
Transfer - Capital Expenditure	-	-	-			-
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	3,366	10,046	10,044			20,088
Transfer Funded Depreciation to Capital Reserve	(3,366)	(10,046)	(10,044)			(20,088)
Total Operating Reserves	(506,848)	(415,136)	(167,973)	-		(330,261)
Capital Reserves						
Opening Balance	(481,932)	(464,156)	(6,899)			(6,899)
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	3,366	10,046	10,044			20,088
Transfer from Capital Reserve	-	-	-			-
Total Capital Reserves	(478,566)	(454,109)	3,145	-		13,189
Capex						
Capital Expenditure	-	-	-			-
Total Capex	-	-	-	-		-

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Community Facilities						
Income						
General Rates	135,780	140,718	140,670	48 ✓		(59,532)
Subsidies and Grants	757	435	330	105 ✓		660
Other Income	55,545	59,774	57,180	2,594 ✓		114,360
Internal Interest Income	1,070	1,154	2,148	(994) ✗		4,296
Total Income	193,151	202,081	200,328	1,753		59,784
Expenses						
Consultancy Expenses	-	-	-	-		-
Administration Expenses	20,482	17,436	14,592	(2,844) ✗		29,184
Operational and Maintenance	151,143	169,042	174,744	5,702 ✓		349,488
Internal Interest Expense	-	310	4,632	4,322 ✓		9,264
Depreciation	25,260	25,088	25,092	4 ✓		50,184
Internal Charges	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	196,885	211,875	219,060	7,185		438,120
Operating Surplus/(Deficit)	(3,734)	(9,794)	(18,732)			(378,336)

Variance Analysis
No significant variances from budget

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	61	-	-			-
Operating Surplus/(Deficit)	(3,734)	(9,794)	(18,732)			(378,336)
Transfer - Capital Expenditure	-	(30,613)	(150,288)			(300,576)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	30,613	(150,288)			(300,576)
Add back Non Cash Items	25,260	25,088	25,092			50,184
Transfer Funded Depreciation to Capital Reserve	(5,604)	(8,355)	(8,358)			(16,716)
Transfers Building Maint Fund	-	-	-			-
Transfer Opening Balance	-	-	-			-
Total Operating Reserves	15,983	6,938	(302,574)	-		(946,020)
Capital Reserves						
Opening Balance	90,813	102,491	85,886			85,886
Transfer Capital Expenditure from Operating Reserve	-	(30,613)	(150,288)			(300,576)
Transfer Funded Depreciation from Operating Reserves	5,604	8,355	8,358			16,716
Transfer - to/from Op Rsve	-	-	-			-
Transfer - Housing NZ Loan	-	-	-			-
Total Capital Reserves	96,417	80,233	(56,044)	-		(197,974)
Capex						
Capital Expenditure	-	26,552	150,288			300,576
Total Capex	-	26,552	150,288	-		300,576

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT - CAPITAL
 FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Community Facilities						
Capex						
Capital Expenditure						
1518916. Buildings	-	26,552	150,288	123,736 ✓	1	300,576
Public Toilets	-	26,552	150,288			300,576
Total Community Facilities	-	26,552	150,288			300,576
Variance Analysis						
1. Twizel Toilet project						

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Recreational Facilities						
Income						
General Rates	(286,183)	59,818	59,820	(2) X		119,640
Targeted Rates	209,272	548,195	548,188	7 ✓		1,096,380
Subsidies and Grants	13,274	13,274	10,368	2,906 ✓		20,736
Other Income	37,375	123,878	126,144	(2,266) X		(37,920)
Internal Interest Income	6,367	1,085	4,272	(3,187) X	1	8,544
Total Income	(19,896)	746,250	748,792	(2,542)		1,207,380
Expenses						
Employment Expenses	45,696	25,286	39,114	13,828 ✓	2	78,228
Consultancy Expenses	-	-	-	- ✓		-
Administration Expenses	145,574	165,181	128,136	(37,045) X	3	256,272
Operational and Maintenance	374,755	390,418	447,522	57,104 X	4	895,044
Internal Interest Expense	18,439	14,764	18,720	3,956 ✓		37,440
Depreciation	107,634	112,788	112,794	6 ✓		225,588
Internal Charges	308	1,219	-	(1,219) X		-
Total Expenses	692,406	709,656	746,286	36,630		1,492,572
Operating Surplus/(Deficit)	(712,301)	36,594	2,506			(285,192)

Variance Analysis

1. Lower than anticipated capital reserve balances has resulted in Lower than anticipated interest income year to date.
2. Lower costs associated with swimming pools. The end of period budget variance will depend on the length of the swimming season.
3. Budget variance is driven by timing of payment of donations and grants (\$10,720) coupled with budget timing of rates paid by Council. We budget quarterly but bring to account in July. This will catch up by year end.
4. Lower than anticipated township maintenance costs in Tekapo (\$59,845) and the District (\$11,705) have contributed to this variance.

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	730,929	668,683	35,275			78,721
Operating Surplus/(Deficit)	(712,301)	36,594	2,506			(285,192)
Transfer - Capital Expenditure	(84,242)	(36,427)	(45,498)			(90,996)
Transfers between Reserves	-	-	-			(93,000)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	84,242	36,427	45,498			90,996
Add back Non Cash Items	107,634	112,788	112,794			225,588
Transfer Funded Depreciation to Capital Reserve	(19,188)	(29,374)	(26,538)			(53,076)
Transfers Building Maint Fund	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Total Operating Reserves	107,073	788,691	124,037	-		(126,959)
Capital Reserves						
Opening Balance	(502,484)	(690,943)	(1,015,251)			(1,015,251)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure from Operating Reserve	(84,242)	(36,427)	(45,498)			(90,996)
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	19,188	29,374	26,538			53,076
Transfer - from Operating Reserve	-	-	-			-
Transfer - to/from Op Rsv	-	-	-			91,092
Transfer from Operating Reserve	-	-	-			300
Transfer -from Tekapo Township	-	-	-			-
Transfer - from Tekapo W&S Operat Rsv	-	-	-			-
Transfer - from Tekapo Domain	-	-	-			-
Transfer - from File W&S Operat Rsv	-	-	-			-
Transfer - from Hall Operating Rsv	-	-	-			-
Total Capital Reserves	(567,538)	(697,995)	(1,034,211)	-		(961,779)
Capex						
Capital Expenditure	84,242	36,427	45,498			90,996
Total Capex	84,242	36,427	45,498	-		90,996

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT - CAPITAL
FOR THE PERIOD ENDED DECEMBER 2013**

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Recreational Facilities						
Capex						
Capital Expenditure						
0528965. Comm Asset - Public Amenities	-	-	15,000	15,000 ✓		30,000
Fairlie Township	-	-	15,000			30,000
0558516. Implement of Development Plan	69,652	-	-	- ✓		-
Twizel Township	69,652	-	-			-
1068192. Other Projects	-	-	19,998	19,998 ✓		39,996
Twizel Reserves	-	-	19,998			39,996
1248917. Aorangi Cres Upgrade	10,085	15,982	-	(15,982) ✗	1	-
1248940. Furniture & Fittings - Other	-	20,444	7,500	(12,944) ✗	2	15,000
1248978. Resurfacing Tennis Court	4,505	-	-	- ✓		-
Tekapo Community Hall	14,590	36,426	7,500			15,000
1408215. Plant	-	-	1,500	1,500 ✓	3	3,000
Fairlie Swimming Pool	-	-	1,500			3,000
1428215. Plant	-	-	1,500	1,500 ✓	3	3,000
Twizel Swimming Pool	-	-	1,500			3,000
Total Recreational Facilities	84,242	36,426	45,498			90,996

Variance Analysis

1. Capital spend to finalise the refurbishment project. Funded from Capital reserve.
2. Unfavourable budget variance has occurred as the fitout of the community centre was more than the budget.
3. Will be purchased in January 2014

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Commercial Activities						
Income						
General Rates	(565,820)	80,894	77,550	3,344		155,100
Targeted Rates	(30,603)	43,946	43,946	0		119,892
Investment Income	448,477	318,918	369,025	(50,107)	1	965,004
Other Income	61,442	246,928	43,500	203,428	2	87,000
Financial Contributions	-	-	-	-		-
Other Gains and Losses	(930,223)	168,101	-	168,101	3	994,000
Internal Income	-	-	-	-		(1,003,428)
Internal Interest Income	60,984	39,047	89,154	(50,107)		178,308
Vested Assets	-	-	-	-		-
Total Income	(955,744)	897,834	623,175	274,659		1,495,876
Expenses						
Employment Expenses	9,616	23,790	-	(23,790)	4	-
Members Expenses	1,785	11,014	13,002	1,988		26,004
Consultancy Expenses	97,270	46,589	41,496	(5,093)		151,742
Administration Expenses	54,745	56,884	55,422	(1,462)		110,844
Operational and Maintenance	188,494	99,474	180,174	80,700	5	360,348
Internal Interest Expense	49,757	25,473	68,580	43,107		137,160
Asset Impairment	-	-	-	-		-
Depreciation	26,496	24,544	25,914	1,370		51,828
Internal Charges	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	428,161	287,766	384,588	96,822		837,926
Operating Surplus/(Deficit)	(1,383,905)	610,068	238,587			657,950

Variance Analysis

1. Investment income received is lower than anticipated due to the slow movement in interest rates compared to those used in preparing the budget
2. Includes \$185,039 of unbudgeted forestry sales due to wind damage earlier in the year requiring forestry stands to be harvested.o includes higher than anticipated rental returns with the inclusion of the Pukaki visitors centre building.
3. Settlement of two small unbudgeted property sales in the period.
4. Unbudgeted Employment costs associated with the Twizel information centre
5. Budget timing of CCT and ADBT have created this unfavourable variance. This will correct by year end.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(582,890)	(221,186)	(4,950)			(9,900)
Operating Surplus/(Deficit)	(1,383,905)	610,068	238,587			657,950
Transfer - Capital Expenditure	-	(115,986)	-			-
Transfers between Reserves	155,499	-	(366,456)			(732,912)
Appropriation Interest	(7,312)	-	(4,746)			(9,492)
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	26,496	24,544	25,914			51,828
Transfer Vested Assets to Capital	-	-	-			-
Revaluation	-	-	-			-
Operating Reserves	-	-	-			-
Total Operating Reserves	(1,792,112)	297,439	(111,651)	-		(42,526)
Capital Reserves						
Opening Balance	(292,946)	151,233	122,203			63,217
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer Vested Assets to Capital	-	-	-			-
Transfer - from Operating Reserve	-	-	(44,100)			(88,200)
Transfer - from Operating Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating reserves	(155,499)	-	(18,036)			(36,072)
Total Capital Reserves	(448,445)	151,233	60,067	-		(61,055)
Capex						
Capital Expenditure	-	115,986	-			-
Total Capex	-	115,986	-	-		-

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT - CAPITAL
 FOR THE PERIOD ENDED DECEMBER 2013

	LYTD ACT. DECEMBER 2012	YTD ACT. DECEMBER 2013	YTD BUD DECEMBER 2013	VARIANCE	Notes	FY BUD JUNE 2014
Commercial Activities						
Capex						
Capital Expenditure						
0818906. Subdivision costs	-	115,986	-	(115,986) X	1	-
Real Estate	-	115,986	-			-
Total Commercial Activities	-	115,986	-			-
Variance Analysis						
1. Costs associated with the subdivision of the Tekapo Lakefront development						

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL

SUBJECT: BANCORP QUARTERLY REPORT – DECEMBER 2013

MEETING DATE: 4 FEBRUARY 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 31 December 2013.

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The Council's portfolio increased in value by 0.89%, whereas the benchmark portfolio increased in value by 0.49% over the quarter, therefore the Council's Portfolio outperformed compared to the benchmark.

The main reason why Councils portfolio outperformed the benchmark index is as follows;

Councils portfolio makeup assisted with the outperformance of the benchmark with the credit spread for a number of bonds in the portfolio declined abnormally compared to the decline in credit spreads in the benchmark portfolio. This is despite Councils portfolio having a longer duration (2.70 years compared to 2.49 years) and despite interest rates rising over the quarter.

Movements in the Portfolio

The portfolio stands at \$3.28 Million. The portfolio remained the same over the period.

At the end of December the weighted average running yield of Councils bond portfolio was 6.18%. \$6.0mil has been reinvested in term deposits.

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 2.70 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 69.48%
 - Local Authorities 30.52%

Financial Market Movements

There were no movements in the Official Cash rate during the period.

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the quarter ended 31 December 2013

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

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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 31 December 2013.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 0.89%:

MDC portfolio value at 30 September 2013	\$ 3,413,828
MDC portfolio value at 31 December 2013	\$ 3,391,063
Add coupon payments	\$ 53,173
Net – purchases/sales/maturities	\$ Nil
Total	<u>\$ 3,444,236</u>
Percentage change in effective cash value	+0.89%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 0.49%.

Benchmark portfolio value at 30 September 2013	\$ 10,514,048
Benchmark portfolio value at 31 December 2013	\$ 10,427,489
Add coupon payments	\$ 138,000
Total	<u>\$ 10,565,589</u>
Percentage change in effective cash value	+0.49%

OVERVIEW

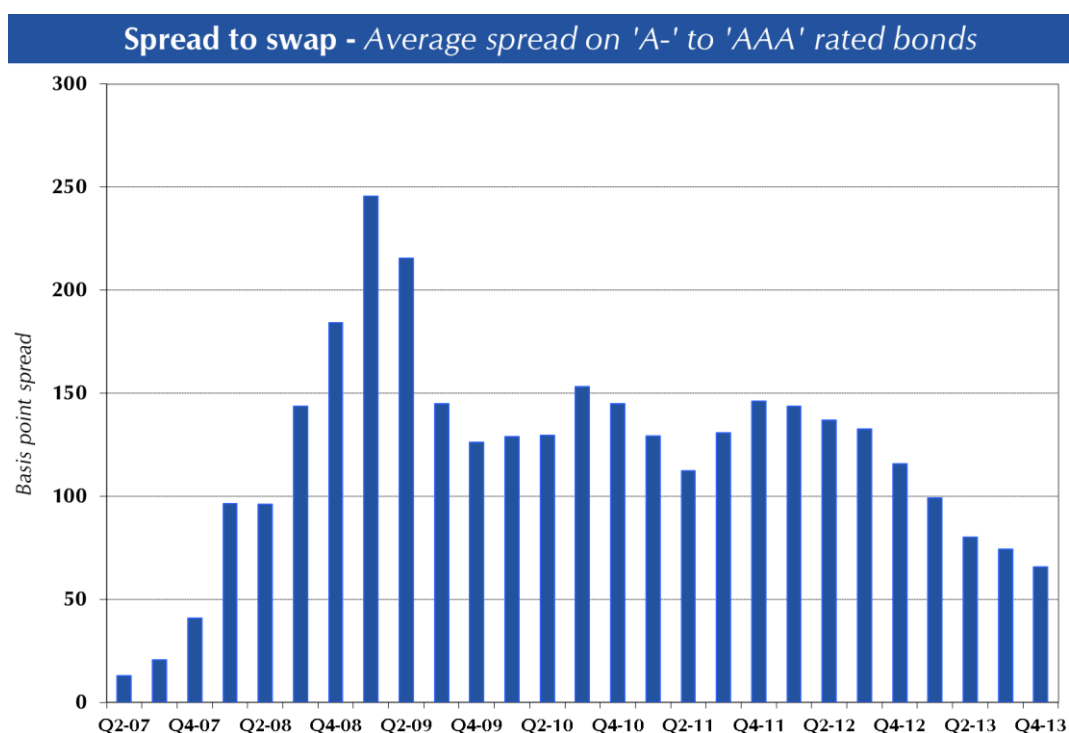
A summary of the performance of MDC's LTTP during the December 2013 quarter is as follows:

- The LTTP outperformed the benchmark index, increasing in value by 0.89% compared to the benchmark portfolio's increase of 0.49%.
- The running yield of the portfolio as at 31 December 2013 was 6.18%.
- The nominal value of the portfolio remained constant at \$3,277,000 during the quarter. However, \$6.0 million has been invested in three term deposit (see commentary next section).

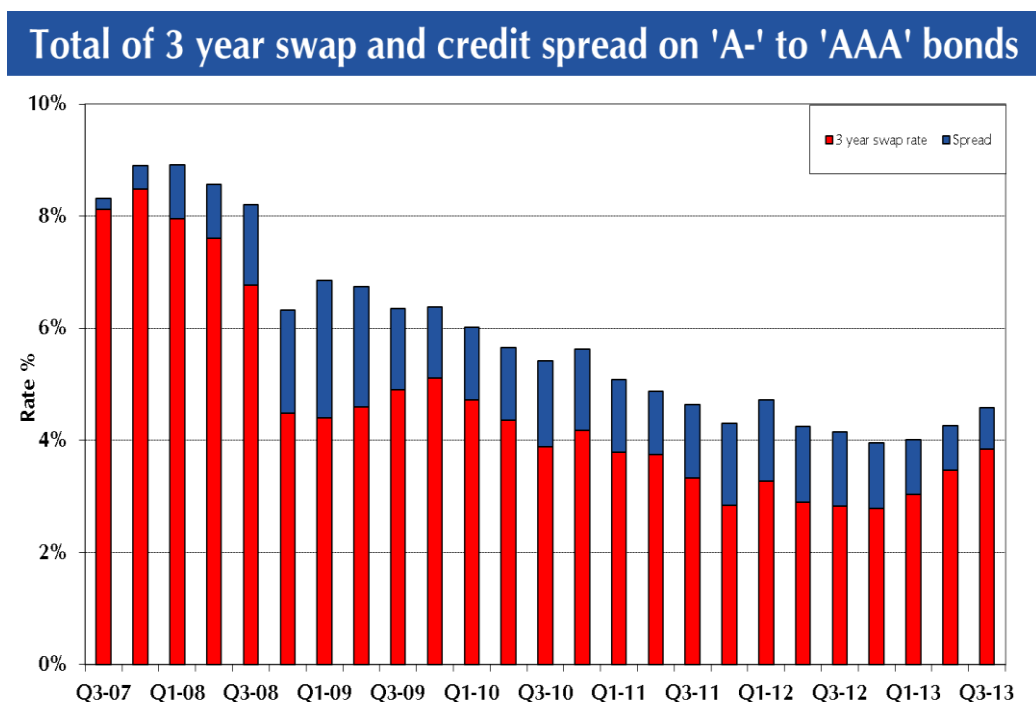
	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30 Sept 13	2.50%	2.68%	2.91%	3.42%	3.84%	4.34%	4.86%
30 Dec 13	2.50%	2.84%	3.42%	3.85%	4.22%	4.73%	5.26%
Change	Nil	+0.16%	+0.51%	+0.43%	+0.38%	+0.39%	+0.40%

During the December 2013 quarter, interest rates in New Zealand increased across the yield curve, with the markets both locally and offshore continuing to pre-empt the start of the unwinding of the US Federal Reserve's ("Fed") quantitative easing ("QE") programme. After two months of strong US employment data, the Fed acted in December, announcing that it would reduce the bond buying programme to USD75 billion per month, a drop of USD10 billion. In New Zealand, short term rates increased on the expectation that the Reserve Bank of New Zealand ("RBNZ") will raise the Official Cash Rate ("OCR") in the first quarter of 2014, earlier than was previously expected.

Credit spreads in New Zealand continued to decline during the quarter with the average credit spread for bonds issued in New Zealand rated between 'A-' and 'AAA' (but excluding the NZD supra-national bonds) declining from 74 basis point at the end of September to 66 basis points by the end of December.



To get a true indication of the overall movement in bond yields, it is necessary to analyse the movement in both credit spreads and underlying interest rates. The chart below incorporates the credit spreads depicted in the preceding chart and the 3 year swap rate which is used because it is close to the duration of the portfolio of bonds that make up the credit spread graph. At the end of the September 2013 quarter, the all up interest rate was 4.58% and, by the end of the December 2013 quarter, had increased to 4.88% despite the reduction in credit spreads.



PORTFOLIO ACTIVITY

The LTFP outperformed the benchmark portfolio over the December quarter, increasing in value by 0.89% while the benchmark portfolio increased by 0.49%. MDC outperformed the benchmark portfolio despite having a longer duration, (2.70 years for MDC compared to 2.49 years for the benchmark). Despite interest rates rising over the quarter, which ordinarily would result in the LTFP underperforming the benchmark portfolio, the actual makeup of MDC's portfolio enabled it to deliver the outperformance. Specifically the credit spreads for a number of bonds in the LTFP declined abnormally compared to the decline in credit spreads in the benchmark portfolio.

There were no bond maturities during the quarter. For the maturing term deposits, we continued with the strategy of investing in the term deposit market in preference to the non-sovereign bond market. The amount invested in term deposits increased by \$2.0 million during the quarter, up to \$6.0 million. Details of the term deposit investments held by MDC at the end of December are as follows.

- \$2.0 million with Westpac maturing on 5 February 2014 at a rate of 3.90%.
- \$2.0 million with Westpac maturing on 7 March 2014 at a rate of 3.94%.
- \$2.0 million with Westpac maturing on 6 April 2014 at a rate of 3.97%.

Term deposits continue to provide higher yields than bonds of a similar term. Also by investing in term deposits, MDC has avoided the capital losses that would have resulted from investing in bonds during a time of rising interest rates. Given the continued upward move in interest rates, we see no need to alter this strategy at present. However, we constantly review the appropriateness of the strategy to ensure that it is the most effective one to adopt. This strategy is contingent on MDC continuing to receive retail investment rates for its term deposits as these are considerably higher than wholesale term deposit rates. As can be seen from the rates that MDC received for its term deposits in the December quarter, this is indeed occurring. There is no indication that the situation is going to change anytime soon.

The following table details the rates applying to various bonds that MDC would be able to invest in under its current investment parameters.

Security	Maturity	Coupon	Rating	Yield
BNZ	31-03-14	6.70%	AA-	3.20%
Auckland Council	02-10-14	6.68%	AA	3.51%
Westpac	16-03-15	4.86%	AA-	3.93%
BNZ	27-05-15	8.67%	AA-	4.03%
ANZ	16-02-16	6.31%	AA-	4.46%
Tauranga CC	15-04-16	6.25%	A +	4.50%
NZ Post	15-11-16	5.22%	A +	5.34%
ASB Bank	08-06-17	6.06%	AA-	5.02%
Transpower	30-11-18	5.14%	AA-	5.52%
BNZ	20-12-18	6.10%	AA-	5.59%
Rabobank	19-03-19	6.10%	AA-	5.72%

The table indicates that, to obtain equivalent rates on the bond market to what MDC achieved for its latest 150 day term deposit (3.97%) in December, it would have to invest a term of around 1¼ to 1½ years. With interest rates more likely to rise than fall over the next year or so, it was decided to access the term deposit market for shorter dated investments.

The one bond in the above table that does stand out as seeming to offer an attractive rate considering its duration is the NZ Post November 2016 bond. However, it is on negative outlook from Standard and Poor's ("S&P"), and given the ongoing decline in mail delivery volumes and the consequent possibility that NZ Post may need additional capital, we are reluctant to invest in this bond at present.

As at 31 December 2013, 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 the LTFP, at 6.18%, still delivers considerable benefits over the interest rates available for shorter term money market investments, which themselves are trading at 'elevated' levels compared to deposit rates available in the wholesale market.

GLOBAL MARKETS OVERVIEW

Volatility continued to be a feature of financial markets during the December quarter, the catalyst continuing to be the US market, where along with the tapering debate which has raged since May, the added complication arose in the form of the government shut down and further debt ceiling issues. For 16 days at the beginning of October the US government was partially closed until the political stalemate was finally broken. The plan provided for the government to be funded through to mid January while the debt limit was suspended until early February. The deal set up a bi-partisan, bi-cameral committee to attempt (again) to settle the broader range of spending and budget issues that have been so toxic in Washington. In December, it was announced that a new Federal Budget agreement had been reached, meaning that the Federal government would be funded for the next two years and that a January government shutdown was averted. The deal capped discretionary spending at USD1.015 trillion for the current fiscal year, stepping up to USD1.04 trillion in the September 2015 fiscal year. The agreement replaces USD65 billion in across the board spending cuts, due to take effect over the next two years.

After much speculation through the second half of 2013, the Fed confirmed in late December that it will begin to unwind its unprecedented stimulus programme by cutting its monthly bond purchases from USD85 billion to USD75 billion, starting in January. It will take further measured steps *"if the US economy improves as forecast"*, with market expectations centred on incremental USD10 billion reductions and a potential end to the stimulus programme by December 2014. The Fed's tapering decision was offset somewhat by a stronger commitment to hold short-term interest rates low.

Price action over the quarter for the US 10 year Treasury bond reflected the ebb and flow of market sentiment. The rate climbed around 10 basis points to 2.76% while the government shut down and the debt ceiling shenanigans played out. Once the resolution was agreed, the yield fell as the risk premium attaching to the US during the time of uncertainty was removed. However, it soon resumed its upward track, pushed higher by strong employment data and the increased likelihood of a commencement to tapering. By 31 December, it had broken through 3.00%, reaching a high of 3.04% on the last day of trading for the year.

While most nations were focussing on recovery the Eurozone economy remained in the doldrums. Recognising the growing risk of disinflation together with a stagnant economy and a 12.0% unemployment rate (youth rate 23.9%), the European Central Bank cut its main cash rate by 25 basis points to a record low of 0.25% in November. The magnitude of the move is hardly going to change the Eurozone's grim economic fundamentals though and the rate cut seems more geared at reassuring

markets that the central bank is still vigilant to the travails of the region, after passively relying on the “*do whatever it takes*” promise for so long. In a move that reminded the markets that Europe’s road back to economic redemption will be a long one, both the Netherlands and France had their sovereign credit rating cut by S&P during the quarter.

NEW ZEALAND MARKET OVERVIEW

New Zealand finished the December quarter as one of the perceived rock stars of the global economy, with its strong economic performance expected to continue into 2014. Economic growth as measured by GDP is currently sitting at 3.5%, the unemployment has fallen to 6.2%, net migration is positive, business and consumer confidence is sharply elevated and soft commodity prices continue to increase. New Zealand commodity prices increased by 21.6% in world terms in 2013 and by 22.6% in New Zealand dollar terms, with not surprisingly dairying leading the way. House prices continued to rise, with the Quotable Value house price index increasing by 9.2% in the November year, with much of the increase attributed to Auckland and the non-earthquake affected areas of Christchurch. The red hot housing market prompted the RBNZ to introduce restrictions on high ‘Loan to Valuation’ lending in October with evidence indicating that they are having an effect in this segment of the market.

From a monetary policy perspective, the RBNZ looks set to begin raising the OCR in the first quarter of 2014, most likely in March, but with January an outside possibility. Current market pricing is factoring in 1.00% of OCR increases by the end of October 2014. The RBNZ in the December *Monetary Policy Statement* projected the 90 day rate to climb to 3.80% by the end of 2014, just below the market’s projection of 3.94%.

Swap rates in New Zealand followed the moves in offshore markets, climbing in early October due to the uncertainties in the US, falling once the funding and debt ceiling agreement was reached, but then climbing again on renewed speculation that a reduction of the bond buying programme in the US would soon commence. Both the 5 and 10 year swap rates closed the quarter at or very close to their quarterly highs, the former at 4.76% and the latter at 5.26%. On an open to lose basis, the shape of the yield curve was virtually unchanged with the spread between the 2 year and the 10 year swap rates closing at 144 basis points, a mere 3 basis points higher than where it started the quarter.

At the end of December, all signs pointed to New Zealand’s strong economic performance continuing. The rebuild in Christchurch, construction activity in Auckland (which is now spilling over into the provinces) and the ongoing strength of soft commodity prices look set to provide further impetus to the domestic economy. Just how much additional economic growth is factored into current interest rate settings remains to be seen.

LOCAL AUTHORITY SECTOR

During the quarter there was renewed interest from New Zealand institutional investors for one name local authority paper as they sought to diversify their portfolios away from the Local Government Funding Agency ("LGFA"). In turn, this provided borrowers with the opportunity to nominate alternative maturity dates to the LGFA offerings and thus fill gaps in their maturity profiles.

Bank pricing for local authority debt was reasonably stable over the quarter with most new facilities concentrated around the 2 to 3 year period. Longer facilities tend to be excessively priced compared to LGFA and capital markets issuance and thus have been avoided in favour of shorter term facilities.

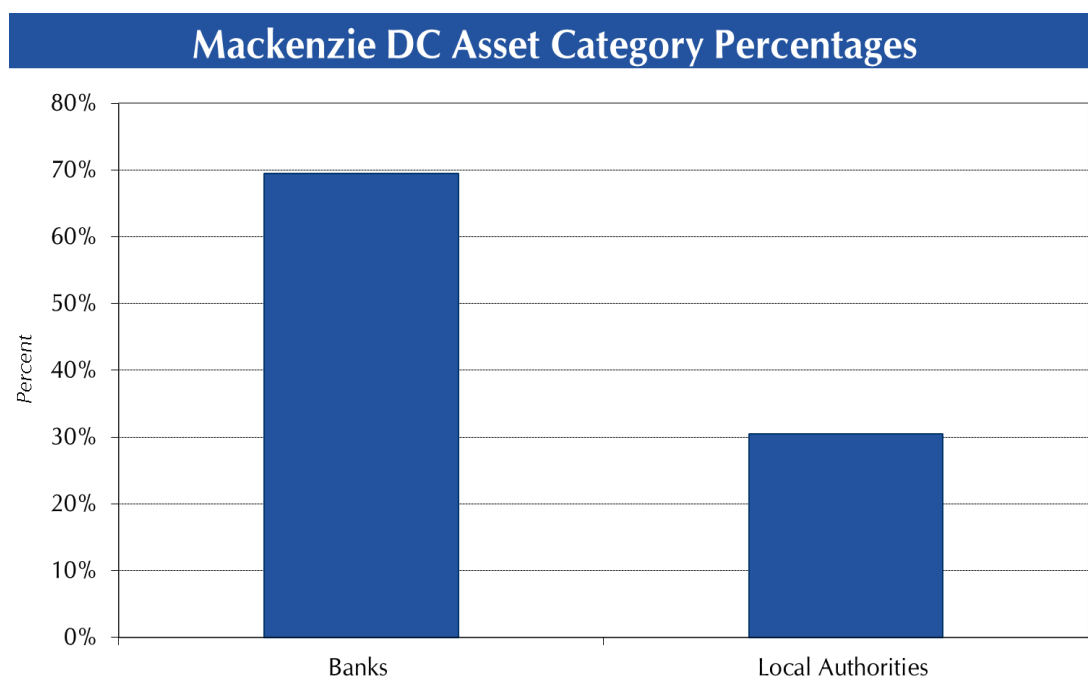
The LGFA held its seventeenth tender on 11 December. In total, \$150 million of bonds and FRNs were issued, with \$446 million of bids received. Details of the tender were as follows:

- 15 April 2015 maturity - \$10 million issued at a margin of 54 basis points over swap for an unrated borrower.
- 15 December 2017 maturity - \$35 million issued at a margin of 61 basis points over swap for an unrated borrower.
- 15 May 2021 maturity - \$105 million issued at a margin of 87 basis points over swap for an unrated borrower.

POLICY ADHERENCE

- As at 31 December 2013, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 2.70 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 31 December 2013, the asset category percentages complied with the Treasury Policy. These are as listed below and are graphically illustrated on the following page:-

-	Banks	69.48%
-	Local Authorities	30.52%

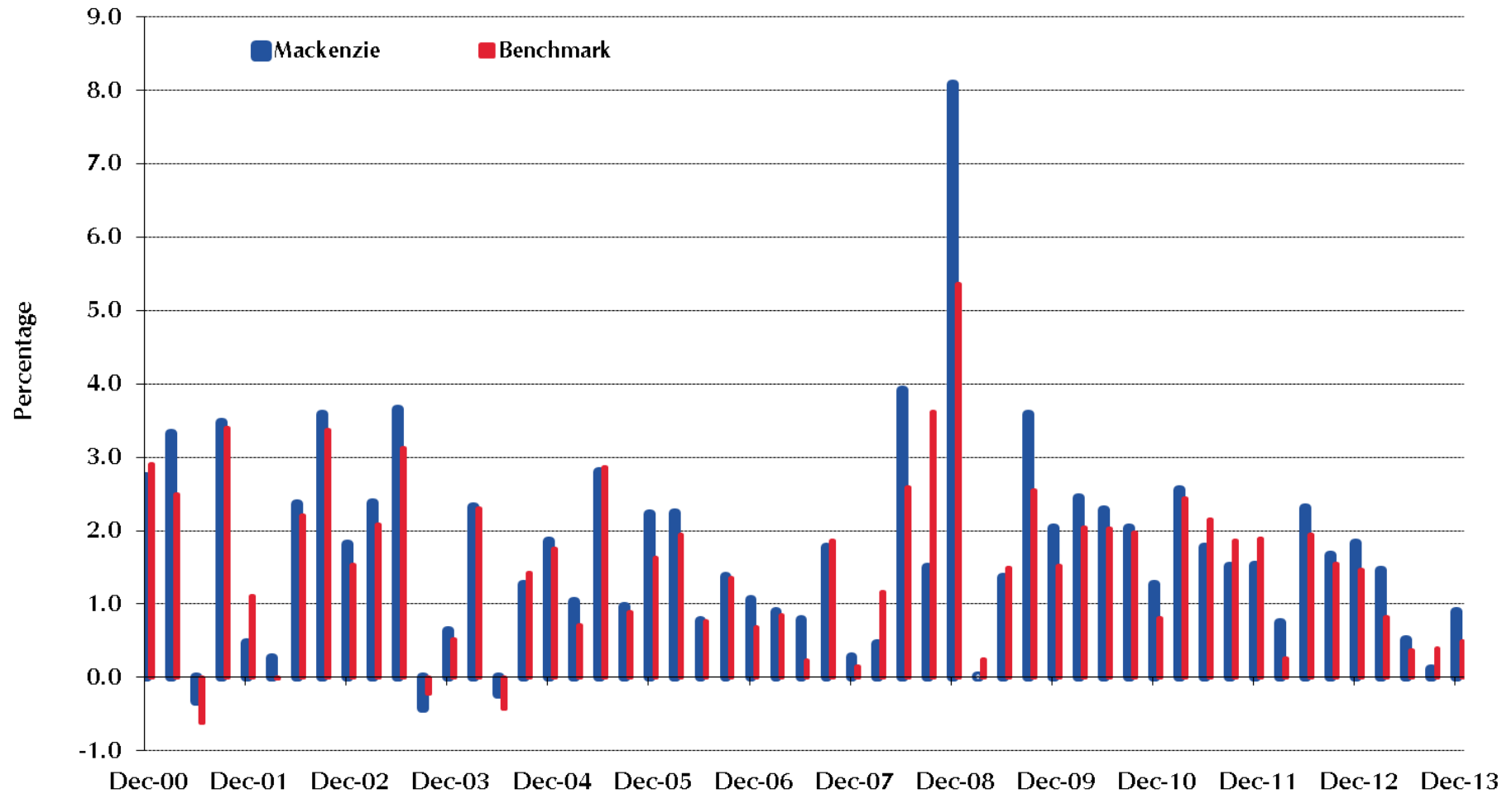


Benchmark											
Security	Issue Date	Maturity Date	Coupon	30-Sep-13	Yield	Value	31-Dec-13	Coupons	Yield	Value	Effective cash
				Nominal			Nominal				31/12/2013
				\$		\$	\$	30/09 to 31/12		\$	\$
3 month Bank Bill	31-Dec-13	31-Mar-14		1,000,000	2.68	993,367	1,000,000		2.84	993,052	993,052
Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	3.18	1,050,509	1,000,000	\$34,300	3.18	1,024,397	1,058,697
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	3.76	1,107,792	1,000,000	\$43,350	4.03	1,070,892	1,114,242
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	4.68	1,073,451	1,000,000	\$34,350	4.92	1,045,908	1,080,258
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	5.07	1,023,799	1,000,000	\$26,100	5.34	1,003,411	1,029,511
Telstra	15-Jul-12	11-Jul-17	7.51	1,000,000	5.18	1,095,474	1,000,000		5.49	1,099,304	1,099,304
Auckland Council	20-Apr-04	29-Sep-17	6.52	1,000,000	4.75	1,063,933	1,000,000		4.92	1,070,746	1,070,746
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	5.15	1,074,172	1,000,000		5.34	1,080,696	1,109,111
ASB	19-Jul-12	18-Jul-18	5.06	1,000,000	5.26	1,001,710	1,000,000		5.51	1,004,904	1,109,112
Rabobank NZ	19-Mar-12	19-Mar-19	6.10	1,000,000	5.50	1,029,843	1,000,000		5.72	1,034,180	1,034,180
				<u>\$10,000,000</u>		<u>\$10,514,048</u>	<u>\$10,000,000</u>	<u>\$138,100</u>		<u>\$10,427,489</u>	<u>\$10,698,211</u>
Value as at 30/09/2013						\$10,514,048			31/12/2013		10,427,489
									Coupons		138,100
									Net Purchases/Sales		Nil
											10,565,589
									Effective change in cash		\$51,541
									% change		0.49%
									Duration-years		2.49

Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	30-Sep-13	Yield	Value	31-Dec-13	Coupons	Yield	Value	Effective Cash
				Nominal			Nominal				
				\$		\$	\$	01/10 to 31/12		\$	31/12/2013
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	3.53	248,345	250,000	2,225	3.56	249,517	251,742
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	3.80	513,343	500,000		3.76	518,423	518,423
BNZ	27-May-08	27-May-15	8.67	500,000	3.76	553,896	500,000	21,675	4.03	535,446	557,121
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	4.75	532,105	500,000		4.92	535,517	535,517
ANZNATIONAL	18-Apr-08	18-Apr-18	5.28	500,000	6.13	495,013	500,000	13,200	5.99	492,045	505,245
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	5.29	517,903	500,000		5.49	520,632	520,632
BNZ	20-Dec-11	20-Dec-18	6.10	527,000	5.37	553,223	527,000	16,073	5.59	539,482	555,555
				\$3,277,000		\$3,413,828	\$3,277,000	\$53,173		\$3,391,063	\$3,444,236
Value 30/09/2013						<u>\$3,413,828</u>	Value 31/12/2013				3,391,063
							Coupons				53,173
							Net maturities and adjustments				Nil
											<u>3,444,236</u>
							Effective change in cash				\$30,408
							% change				0.89%
							Duration-Years				2.70



Mackenzie DC vs Benchmark - Quarterly



Mackenzie DC vs Benchmark - Cumulative

