

Report 00.144

3 March 2000

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Report to the Policy and Finance Committee
from Paul Laplanche, Finance Manager

Financial Report for the seven months ended 31 January 2000

1. Purpose

To receive the January 2000 Financial Statements (forwarded under separate cover).

2. Background

On 17 February 2000, the Chief Financial Officer presented to the Policy and Finance Committee, the Half Year Review (Refer **Attachment One**). This report outlined the financial results for the six months and provided explanations of major variances to budget. The December report also included the forecast year end position for the Council.

As many of the variance explanations for the seven months to January 2000 are similar to those for the six months to December 1999, there is limited value in repeating in full those explanations.

Therefore officers are proposing that in future a major review of financial results occur and be reported to Council every quarter (to coincide with the Quarterly Management review, undertaken by the General Manager and the Chief Financial Officer). In this way, rather than repeat the same comments each month, it is now proposed to just look at movement from the last quarter and note the major changes (ie. a monthly exception report).

3. Financial Performance for the Seven months to 31 January 2000

3.1 Summary

The year to date figures reflect favourable results in both operating and capital expenditure with the operating surplus ahead of budget by \$4.3 million, and capital expenditure below budget by \$2.1 million.

The change in variance from December 1999 figures reflect favourable results in both operating and capital expenditure with the operating surplus favourable variance greater by \$0.9 million, and capital expenditure favourable variance greater by \$0.8 million.

The forecast position to 30 June 2000 is as approved at the Policy and Finance Committee on 17 February 2000.

3.2 Operating Surplus

The year to date operating result for the seven months reflects an operating surplus ahead of budget of \$4.3 million and an additional favourable variance compared to December 1999 of \$0.9 million. Detailed variances from budget are shown in the following table:

	1999/00 YTD Actual \$000s	1999/00 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Dec 99	1999/00 Year Forecast \$000s	1999/00 Year Budget \$000s	Forecast vs Budget Variance \$000s
OPERATING SURPLUS (DEFICIT)							
Utility Services	2,297	1,870	427 F	10 U	3,742	3,126	616 F
Landcare	1,330	505	825 F	76 F	1,304	1,110	194 F
Environment	209	(259)	468 F	102 F	(101)	(273)	172 F
Transport	373	(283)	656 F	271 F	(996)	(486)	510 U
Wairarapa	525	(145)	670 F	172 F	199	(171)	370 F
Corporate Advisory Services	176	(5)	181 F	4 U	147	2	145 F
Finance & Admin	99	(93)	192 F	86 F	(570)	(462)	108 U
General Manager	(37)	(5)	32 U	7 U	(98)	(9)	89 U
Cost of Democracy	15	64	49 U	30 F	50	127	77 U
Investment Management	4,344	3,533	811 F	130 F	6,505	6,057	448 F
Non Divisional	(2,491)	(2,620)	129 F	16 F	(4,401)	(4,491)	90 F
Total Operating Surplus (Deficit)	6,840	2,562	4,278 F	862 F	5,781	4,530	1,251 F

The change in favourable variance during the month of January is spread relatively evenly across the whole Council and reflects both the fact that during January a lot of projects are put on hold or not started until later in the month when everyone is back from holidays, and the fact that we aim for a cleaner financial cut off each quarter (rather than each month).

3.3 Capital Expenditure

Year-to-date capital expenditure for the seven months to 31 January 2000 is \$2.1 million below budget, with an additional favourable variance compared to December 1999 of \$0.8 million.

	1999/00 YTD Actual \$000s	1999/00 YTD Budget \$000s	Actual vs Budget Variance \$000s	Change in Variance from Dec 99	1999/00 Year Forecast \$000s	1999/00 Year Budget \$000s	Forecast vs Budget Variance \$000s
CAPITAL EXPENDITURE							
Utility Services	2,199	3,115	916 F	182 F	4,543	4,930	387 F
Landcare	1,156	2,223	1,067 F	646 F	3,957	3,716	241 U
Environment	41	59	18 F	-	104	104	-
Transport	0	75	75 F	-	169	169	-
Wairarapa	264	213	51 U	33 U	384	330	54 U
Corporate Advisory Services	0	14	14 F	-	14	14	-
Finance & Admin	7	0	7 U	-	92	92	-
Cost of Democracy	0	88	88 F	-	88	88	-
Total Capital Expenditure	3,667	5,787	2,120 F	795 F	9,351	9,443	92 F

The additional favourable variance is primarily due to \$700,000 of land purchases budgeted to occur in January which are yet to be completed. This relates to land identified with in the Flood Protection area.

4. **Compliance with Treasury Management Policy**

There were no instances of non-compliance with the Treasury Management Policy during the month of January 2000.

5. **Communications**

Council's seven months results again reflect solid operational and financial performance which should be reported to the community.

6. **Recommendations**

That this report be received and the contents noted.

Report prepared by:

Approved for submission:

PAUL LAPLANCHE
Finance Manager

GREG SCHOLLUM
Chief Financial Officer

Attachment 1: Report 00.80 - Half Year Review to 31 December 1999