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**Committee** Policy, Finance and Strategy  
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## Financial Report for July 2005

### 1. Purpose

To inform the Committee of the financial performance of the Council for the one month ended 30 July 2005.

### 2. Significance of the decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Comment

Consistent with Council's decision to receive detailed financial reports each quarter, this report provides a high level update, with explanations by exception.

### 4. Financial Performance

#### 4.1 Operating Surplus – July

The operating surplus for July was a surplus of \$1.85 million (Budget, \$0.9 million).

Detailed variances are shown in the table below:

2005/06 Year Actual \$000s	2005/06 Year Budget \$000s	Actual vs Budget Variance \$000s		2005/06 Full Year forecast \$000s	2005/06 Full year Budget \$000s	Forecast vs Budget Variance \$000s
<b>OPERATING SURPLUS (DEFICIT)</b>						
69	(108)	177 F	Water Group	(818)	(818)	-
14	(30)	44 F	Plantation Forestry	(366)	(366)	-
<b>83</b>	<b>(138)</b>	<b>221 F</b>	<b>Utility Services</b>	<b>(1,183)</b>	<b>(1,183)</b>	<b>-</b>
560	554	6 F	Transport	8,035	8,035	-
401	341	60 F	Landcare	648	648	-
198	16	183 F	Environment	(186)	(186)	-
(4)	(128)	124 F	Wairarapa	(406)	(406)	-
48	(19)	67 F	Corporate Advisory Services	(115)	(115)	-
361	46	315 F	Finance & Admin	342	342	-
61	(1)	62 F	Chief Executive	(10)	(10)	-
192	0	191 F	Investment in Democracy	68	68	-
<b>1,900</b>	<b>671</b>	<b>1,229 F</b>	<b>Net Divisional Surplus (Deficit)</b>	<b>7,193</b>	<b>7,193</b>	<b>-</b>
625	643	18 U	Investment Management	8,674	8,674	-
(676)	(647)	29 U	Business Unit Rates Contribution	(7,759)	(7,759)	-
<b>1,850</b>	<b>667</b>	<b>1,182 F</b>	<b>Total Operating Surplus (Deficit)</b>	<b>8,108</b>	<b>8,108</b>	<b>-</b>

## 4.2 Commentary

The first month of any new financial year will often produce more favourable variances than expected. This is due to the much more extensive financial accruals at year end rather than a month end. Therefore, expenses are down on budget resulting in higher than budgeted surplus. It is expected, at this stage, that this favourable variance over budget will not continue, as noted in the forecast below.

## 4.3 Forecast Operating Surplus

The forecast operating surplus remains unchanged from the budget at \$8.1 million.

The budget has been reviewed to ensure, at this stage, it is still a reasonable estimate for the year.

As Councillors will be aware, the main reasons for the large budget surplus are the grants received in Transport as income, which are then spent on capital expenditure items by Council.

## 5. Communications

No communications are necessary.

## **6. Recommendations**

*That the Committee:*

- 1. receive the report.*
- 2. note the content of the report.*

Report prepared by:

Report approved by:

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**Barry Turfrey**  
Chief Financial Officer